

# THE INTERNATIONAL SOCIALIST REVIEW

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DEVOTED TO THE STUDY AND DISCUSSION OF THE PROBLEMS INCIDENT TO THE GROWTH OF THE INTERNATIONAL SOCIALIST MOVEMENT. . . . .

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# THE INTERNATIONAL SOCIALIST REVIEW

Vol. I

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## The International Socialist Congress

**T**HE fifth great international congress of Socialists was held in Paris during the closing week of September. The following account is made up from the reports contained in the French and Belgian Socialist dailies and the various weekly and monthly organs of France, Belgium and Germany, with several private letters and the report of the American delegates. It has been thought best to thus combine and edit the material from all these sources so as to make one connected narrative rather than to publish any one or several of these accounts.

The opening day of the Congress was filled up largely with the work of organization, which was somewhat delayed by a factional fight between the French Socialist parties. After this had been settled and some speeches of congratulation had been made the chairman recognized H. M. Hyndman, the well-known English Socialist.

Hyndman, speaking in French, said that he thought that that first meeting of the Congress ought not to close without an expression of its profound sorrow and regret at the great loss which the International Socialist movement had sustained by the death of their great comrade and leader, Wilhelm Liebknecht. (At the mention of Liebknecht's name the whole of the delegates rose to their feet and remained standing till the close of Hyndman's address, many evidently being deeply affected.) Only a few short weeks ago they had all hoped to meet him once more on this occasion. Now he was dead; and yet still he lived with them, for the sentiments of that international solidarity and unity for which he lived and struggled were alive in their hearts to-day. He was the warrior of the revolution who for 60 years had been engaged in struggles on behalf of the working people of all countries. They mourned his loss, but they gloried in the work he had done, and while expressing to his widow their sense of the great loss they had sustained and



their sympathy with her in her bereavement, they could also express their appreciation of his career and their confidence in the ultimate success of the cause to which his life's work had been given.

The vote of regret was carried with unanimity and in silence.

Speeches were made by a large number of representatives from different countries generally along the line of urging the union of Socialist forces in all countries. The following from the speech of Emile Vandervelde, of Belgium, while addressed to the French Socialists, applies equally well to those of all countries who have allowed themselves to be divided in the face of the enemy:

Comrades we (the Belgians) are united, and this union is our only strength. May I not hope that the union of the French party will soon be realized? Socialists of France, unite! And in spite of appearances socialist union is on the way with you. The obscure militants who do not mix in the polemics of the schools desire union. Those who carried the flag of revolution in 1793 also disagreed, but when the cannon sounded they presented a solid front to the enemy. Socialists of 1900, will you do less than the militants of 1793?

This statement was followed by a veritable ovation of enthusiasm and approval by the assembled delegates, which was repeated when Troelstra (Holland) declared that "You French comrades must unite. The enemy is upon you and you are quarreling. It is the crime of lese-proletariat."

A letter was then read from Katayama, editor of the "Socialist World," of Japan, in which he asked that the Congress be told that "in the extreme Orient he was working for the same cause as the European comrades. He wished very much to come to the International Congress, but poverty prevented." In reading this Jaures (France) remarked that "it was some consolation to notice at the very moment when the extreme East had become the theatre of war, the spirit of socialism was awakening there."

On the second day of the Congress the time was largely taken up with the final verification of credentials and the organization of the delegations from the various countries. It was then that the attempt was made by one of the American delegates, representing the DeLeon faction of the S. L. P., to prevent the seating of the delegates of the S. D. P. This led to a discussion of the anti-trade-union attitude of the DeLeonite faction and finally to the complete endorsement of the attitude of the Rochester and Indianapolis convention in this regard and the seating of the delegates of the S. D. P.

The afternoon session was largely taken up with the reports from the various countries. The following nations had delegates present at the Congress: Belgium, Germany, Austria, Bo-

hemia, Italy, Holland, Denmark, England, Russia, Poland, Switzerland, Argentine Republic, Spain, Portugal, United States, Sweden, Norway, Bulgaria, and Roumania. Later on in the Congress delegates came from other countries, while telegrams and reports were received from almost every land where capitalism has entered. The number of these delegations varied from 1,083 from France, 96 from England, 57 from Germany, 43 from Belgium, and 20 from Austria to one or two from some of the smaller and more distant countries. The Austrian and English delegations would have been much larger had not both of those nations been in the midst of general elections, which demanded the energies of the party at home.

On the third day was taken what was perhaps the most important action of the Congress. This was the re-establishment of an International Organization. It will be remembered by the readers of the International Socialist Review that the establishment of such an organization was advocated editorially in the September number. The final completion of the matter and its adoption by the Congress was in no small degree due to the efforts of H. M. Hyndman, the English writer and orator, who has long advocated such action. The following is a translation of the resolutions in this regard finally adopted by the Congress:

The International Socialist Congress at Paris considers—

That it is the duty of the International Congress, which is destined to become the parliament of the proletariat, to take such resolutions as will guide the proletariat in its struggle for freedom;

That such resolutions, resulting from international relations, ought to be translated into acts;

That the following measures should be taken:

1. A committee of organization to be named as quickly as possible by the socialist organizations of the country where the next Congress will be held.

2. A permanent international committee having a delegate from each country will be formed to have charge of the necessary funds. A report from each nationality adhering to the Congress will be demanded at the following Congress and will constitute a portion of the regular order of business.

3. The committee shall choose a general salaried secretary, whose duty it shall be to—

A.—Procure all necessary information.

B.—Write out an explanatory code of the resolutions taken at previous congresses.

C.—To distribute reports upon the socialist movement in each country three months before the new congress.

D.—To prepare a general survey of the questions discussed by the Congress.

E.—To publish from time to time brochures and manifestos upon questions of fact and general interest, such as important reforms, and studies upon the more important political and economic subjects.

F.—To take the necessary measures favoring the international organization of the workers of all countries.



On motion of Hyndman the seat of the Congress was located at the Maison du Peuple of Brussels. This was carried unanimously amid great enthusiasm. Vandervelde, of Belgium, then rose and expressed the thanks of the Belgian comrades as follows: "In the name of the Socialist Party of Belgium," he said, "I thank the Congress for this proof of esteem and confidence. The International has long been in our hearts, but for the first time since the Congress of 1889 we are on the way to see its practical realization. We will go from this Congress with the certainty that the ties of sympathy have become the ties of organization, of action, of close relations, and I am sure that we shall bring to the next Congress results worthy of the grandeur of our resolutions."

On motion of Furnemont, Belgian, it was decided not to elect the national representatives to the international committee, but to leave this to the action of the various national organizations. At the suggestion of Van Kol, Holland, arrangements were made for the organization of an international parliamentary committee from those nations having Socialist representatives in legislative bodies whose duty it should be to advise as to the action to be taken by such representatives, with a view to insuring uniformity in the legislative action of the Socialists of different countries.

On motion of Vandervelde the following resolution was adopted without debate: "The International Secretary at Brussels shall have the duty of collecting the international archives of Socialism, and gathering together the books, documents and reports concerning the labor movement in the different countries."

The Congress then took up the question of attempting to establish a minimum wage and after considerable discussion passed a resolution to the effect that such an attempt could only be successful when the workers were strongly organized and that it must vary in each nation according to the prevailing standard of life. Resolutions were also passed urging the observation of the first of May as a day of international demonstration. The committee upon the means to the freedom of the laboring class then offered the following resolutions:

The modern proletariat is a necessary product of the capitalist regime of production, which demands the political and economic exploitation of labor by capital.

Its relief and its emancipation can only be realized by a struggle against the defenders of the interests of capitalism which by its very nature will lead inevitably to the socialization of the means of production.

The proletariat, therefore, must array itself as a class fighting the capitalist class.

Socialism, to which is given the task of transforming the proletariat

into an army for the class struggle, has for its first duty to introduce into that class a consciousness of its interests and its strength and to use for that purpose all the means which the existing social and political situation puts into their hands or are suggested by the higher conceptions of justice.

Among these means the Congress would indicate political action, universal suffrage, and organization of the laboring class into political groups, unions, co-operatives, benefit societies, circles for art and education, etc. It urges the militant socialists to propagate in all possible manner all means of augmenting the strength of the laboring class and rendering them capable of politically and economically expropriating the bourgeoisie and socializing the means of production.

One of the American delegates, Job Harriman, here called the attention of the Congress to the fact that in this country there was an organization professedly Socialist which attacked the economic organization of the workers and sought to disrupt the unions. The resolution was then adopted by the Congress unanimously.

During this session reports were received from Hungary, explaining that owing to the terrible poverty of the proletariat of that country the Hungarian Socialist party would not be able to contribute to the expense of the international organization; from Australia pointing out that the reign of capitalism and exploitation was as brutal there as in older capitalist countries; from the Armenian Socialists conveying the sentiments of that stricken nation to their fellow Socialists, and from several minor countries unable to send delegates.

On the next day the larger part of the time was taken up with the discussion of the Millerand case, which, indeed, seems to have been given much more attention as a whole than its importance deserved. The result of nearly two days' discussion, in which at times the French comrades seemed almost upon the point of physical violence, was that a compromise resolution, introduced by Kautsky, was adopted, which provided that a Socialist might in case of an emergency take an office in a Bourgeois ministry, but that it must be with the approval of his party, and that he must leave the ministry whenever the Socialist party to which he belongs should so decide. On the question of political alliances it was pointed out in the debate that these were only to be considered at times of extremest peril or where a momentary struggle must be made for some great end, as for example to secure the right of suffrage. The resolution was finally adopted by a unanimous vote was a follows:

The Congress recognizes that the class struggle forbids all forms of alliance, with any division whatsoever of the capitalist class.

It being admitted that exceptional circumstances may at times render coalitions necessary (cautiously and without confusion of programme or tactics), yet the party ought to seek to reduce these coali-



tions to a minimum, eventually to their complete elimination, only tolerating them as much as shall have been decided to be necessary by the regional or national organization of the party concerned.

Resolutions were also adopted denouncing the policy of militarism and colonial expansion and advocating the organization of the maritime laborers on an international scale. An interesting portion of a resolution referring to universal suffrage is that which declares that "considering that upon the ground of Socialist politics men and women have equal rights, the Congress proclaims the necessity of universal suffrage for both sexes." After pointing out some things concerning the so-called municipal socialism and suggesting lines of Socialist activity in municipalities a report was submitted by the committee on the trust problem, pointing out that these new forms of capitalist organization were the natural outcome of the competitive system and that they could only be controlled through socialization. The question of the universal international strike was the last matter acted upon by the Congress, and the following resolution was adopted:

This congress is of the opinion that strikes and boycotts are the necessary means to the accomplishment of the task of the laboring class, but it sees no actual possibility of a universal international strike.

The step which is immediately necessary is the organization into unions of the working masses, since upon the extension of such organization depends the extension of strikes in entire industries or in entire countries.

After a short speech from Von Kol, assuring the Congress of a welcome to Holland for the next meeting, which is to be held at Amsterdam in 1903, the Congress adjourned to the singing of the "International."



## Karl Marx on the Money Question

(A Reply to Mr. Hitch)



R. HITCH'S article in the first issue of the International Socialist Review is a unique contribution to socialist literature, and will, we hope, stand alone in the future as a shining example of how socialists ought not to write when they undertake the serious task "to re-examine their position and admit that Marx made a mistake."

Mr. Hitch hurls insults at the American socialists when he says that to discuss the money question from a standpoint other than the one accepted by Socialist science as it is formulated to-day means to "stir up a good deal of bad blood," that "billingsgate will flow freely where arguments are lacking," and that he will "be looked upon by our comrades \* \* \* a repudiator and an inflationist in the pay of silver mine owners." Knowing, as he undoubtedly does, through what a painful and disagreeable struggle the American socialists recently passed to establish the right of free discussion of socialist doctrines, his remark is, to say the least, unwarranted. Had Mr. Hitch confined himself to a calm discussion of the question at issue without reflecting upon the character of the men he calls his comrades, and without the many flippant and irrelevant reflections upon the sobriety and sanity of "comrade" Marx, he would spare his Socialist opponents the unpleasant task of administering to him a rebuke which he had himself called forth, and all personal allusions would be kept out as they should be in a theoretical discussion of this kind.

To come now to the subject matter. It has been an old custom, among writers, to quote verbatim an author's statements whenever exception is taken to his views. If, for reason of lack of space, such quotations are impossible and the writer has to sum up the views of his opponent he is at least expected to give references to the page of the work he is discussing so as to enable the reader to make his own comparisons, if he has the leisure and desire to do so. Mr. Hitch does not consider that necessary. With two or three exceptions he combats Marx not for the opinions that he, Marx, expressly holds, but for what Marx is supposed to believe according to Mr. Hitch's opinion. It is an ungrateful task to discuss the money question with him, under these circumstances, for instead of considering the respective views of Marx and Hitch on their merits, we have to show what Marx did not say. The fact of the matter is that Mr. Hitch is clear only about Marx's conclusions, but by no means about

the principles on which the latter bases them, nor about the connection between his views on money and his fundamental theory of value.

Like Edward Bernstein in his recent famous book, "Die Voraussetzungen des Sozialismus," Hitch starts out with the task of correcting a mistake in Marx' theory which need by no means lead in his opinion, to an overthrow of the theory as a whole. Marx' mistake about money, he says, "is easily accounted for, and in no way lessens the general value of his economic and social teachings." (p. 30). But when he labors through about three-fourths of his article he loses all patience with the evasive "comrade" Marx and accuses him of introducing the distinction between price and value "to save yourself in a debate" (p. 41-42). Now, if there is anything that Marx might justly be proud of in his system of Political Economy, next to his theory of surplus value, it is the sharp line he draws between price and value; you may agree with him in that and call yourself a Marxist, or you may follow any one of the so-called modern schools like the Austrian, for example, in wiping out all difference between the conceptions of price and value, but whatever you do you have to be clear about it in your own mind. If you think that there is no difference between the two, you disagree with Marx from the start, and whether you are right or wrong, you have no business to say that you are only introducing a correction in one of his theories. What you are really doing is to throw overboard his whole theory of value, the cornerstone of his economic science.

#### MARX' THEORY OF VALUE.

Stated briefly, what is Marx' theory of value and the theory of money following from it?

Under the system of division of labor and private ownership of the means of production, all goods are produced, as a rule, by individuals not for their own use, but in order to be exchanged for other products which they need for their consumption. This system of division of labor and exchange of commodities is resorted to to obtain the greatest quantity of goods with the least expenditure of labor and time. Whenever a producer of a certain kind of goods should find out that by manufacturing an additional article he could get a certain quantity of that with less labor and time than what he spends on his own goods which he has to give away in exchange for that quantity he will immediately give up exchange for production. To illustrate by an example. Say a shoemaker makes eight pairs of shoes in a week, which he exchanges for other products. Among these products is a coat for which he has to give away in exchange eight pairs of shoes, in other words, a week's labor. If the shoe-



maker were to find out that it would take him only three days to make his own coat, he would certainly refuse to exchange his shoes for the coat and would rather devote three days of his time to making the coat. Basing himself on this universal law of human action under a system of private production and free competition Marx framed his law (and he was not the first economist in doing so) of value, viz., that commodities are exchanged at their values., i. e., a product requiring the expenditure of a certain amount of labor under a given system of production will be exchanged for another product requiring the same amount of labor under the same system production prevailing in society, neither more nor less. So much for the general law of value. But like all general laws, the law of value expresses a condition which is true on the whole, but which is ultimately brought about only as a resultant of opposing forces. Thus, in the exchange of commodities there are two sides with conflicting interests. In the illustration cited by us, the shoemaker will try to give away as few shoes as possible and "get as many coats in exchange as he can, while the tailor will act in the opposite way. Therefore, if for any reason the tailor should happen to have an advantage over the shoemaker, he will utilize it to get from him more than four pairs of shoes (representing three days' labor) for the coat, and on the other hand, should he, by his excessive charges attract a number of other people to the tailoring trade and thereby produce an excess of coats, the advantage will lie on the shoemaker's side, who will now compel the tailor to accept less than four pairs of shoes for the coat (or less than the equivalent of the coat in labor time). The fluctuating terms on which the conflicting parties are thus concluding their bargains constitute prices, or temporary value, as Mr. Hitch prefers to call them. While these prices thus rarely coincide with true value and as a rule are somewhat either above or below the latter they do not in any way vitiate the law of value. The use an oft-repeated analogy from Natural Science, the law of gravitation states that all bodies when left in the air without support will fall toward the earth with a certain velocity. Yet, the actual velocity of falling bodies is never equal to that formulated by the law; it is sometimes greater and sometimes less. If, instead of letting a stone drop, you will throw it down with some force it will fall faster, if, on the other hand, you let it drop, but it meets with a resisting force, such as the friction of the air or of water, it will fall slower. Thus the actual rate of fall is never equal to the theoretical rate as formulated by the law of gravitation; yet, we have not heard so far of any scientist claiming that the law of gravitation is an imposition upon the credulous, and that the moment you point out to Newton the discrepancy between his theory and actual facts, he "saves himself in debate"

by a recourse to artificial distinctions between the true rate of fall and the temporary one.

#### MARX' THEORY OF MONEY.

The law of value as explained above deals with exchange of commodities without the intervention of money. Money, however, appears at a later stage. Barter, or the direct exchange of one commodity for another, is the first stage; the introduction of money follows it as a natural consequence of the growth of trade, indispensable for trading facilities. The reasons for its appearance have been so often described by economic writers that it is unnecessary to dwell upon them here. One fact only must be emphasized. Whenever and wherever money first appears it is usually in the form of some commodity, whose production requires expenditure of time and labor just as much as any other article of trade. It is never something that can be easily picked up anywhere without trouble. Among a northern people it may be skins of wild animals, among African tribes it may be ivory, with others it may be leather, in American colonies in the early days it was tobacco, at a more advanced stage of civilization it may become some metal, such as iron, copper, silver or gold, but whatever the country and the period, wherever you find a generally acceptable article which you can exchange for anything else and which, in short, performs the function of money, that article is a product of labor, which is exchangeable subject to the general law of exchange governing the exchange of all commodities not subject to monopoly, viz., the giving of value for value, as expressed in the amount of labor required to produce the respective articles under the existing methods of production.

But, say the advocates of the "quantity theory of money, would not a relative scarcity of the article used as money result in raising its exchange value; as well as a relative abundance, in lowering its value? Of course it will, just as in the case of any other commodity, and that is what constitutes the fluctuation of prices about the true value we have spoken of above. But does that mean "saving yourself in a debate" or playing with words? Let us see whether it does.

According to Mr. Hitch, if all the coins in circulation were "diminished in weight by one-half, but the coinage limited in quantity to the same number of coins as previously existed, the price level will remain the same. though the value of the gold metal contained in the coins will be one-half the same as formerly." This is a frank, bold, logical *reductio ad absurdum* of the fundamental principle of the quantity theory of money, according to which money has no intrinsic value and is at all times fully exchanged for all other articles. Not so, according to Marx. In



the problematic case cited by Hitch, the producers of gold would at first have an advantage over the rest of the people. It would practically mean that every gold-mine owner (or silver-mine owner, if the coins consisted of silver) could call half a dollar's worth of gold one dollar, for the government would stamp it to that effect at the mint. But while it is true that the half-weight coin would be still called a dollar and everybody would be bound to accept it as such, there is no law either in Political Economy or on the statute book that could prevent the owners of other goods to charge now two dollars for goods that they sold previously at one dollar. The enormous profits of the gold (or silver) producers would attract other capitalists to that industry and the increased competition would soon bring about a normal level of prices. Herein lies the significance of distinguishing between price and value. Whenever price differs from value it is by its own motion bound to go to the other extreme and bring about the equilibrium. In this respect it is like the swinging of the pendulum, which keeps swinging now to the left, and now to the right, constantly tending to come to rest midway in a vertical position.

#### MARX' "ADMISSIONS."

Let us take up now the various points made by Mr. Hitch, and his assumptions as to Marx, and examine them one by one. On p. 31 Mr. Hitch enumerates five cases to which, he says, "Marx admits that the quantity theory of money applies." Among them are "times of great changes in the value of gold, which generally occur on the discovery of new and productive mines." No reference is given to any of Marx' works where such an "admission" by Marx is made. We are afraid that the "admission" is a result of Mr. Hitch's failure to understand Marx. Here is what Marx says on the subject, on page 160 of his *Critique of Political Economy* (*Zur kritik der Politischen Oekonomie* Stuttgart, 1897. All citations from this work are translated by the writer from that German edition, since the work remains as yet untranslated into English):

"The purely economic causes of that change in value (of precious metals) \* \* \* must be traced to the change in the amount of labor time necessary for the production of these metals. The latter will depend upon their relative natural scarcity as well as upon the greater or less difficulty with which they can be found in a pure metallic condition." In other words, Marx' "admission" amounts to this: with the discovery of new productive mines it becomes possible to mine gold or silver with a smaller expenditure of labor time than before; hence according to Marx' law of value gold becomes cheaper. Does that mean, Mr. Hitch, that it becomes cheaper on account of

its greater quantity or on account of the decrease in labor time necessary to produce it? You think it is the former, Marx thinks it is the latter, but whether you are right, or Marx, why should you make him "admit" the quantity theory, which he never did?

Mr. Hitch will perhaps seize upon the word "scarcity" in the above quotation from Marx and see in that a disguised admission of Marx' part of the correctness of the quantity theory. But Marx leaves no doubt as to the meaning he attaches to that word. Scarcity will affect the value of the metals only in so far as it causes a greater expenditure of labor time necessary to obtain it, otherwise it will have no influence, whatever on the value of an article. The point is so interesting in many other respects that we shall quote Marx at length: "Gold is really the first metal discovered by man. On the one hand, nature itself produces it in a native crystallic form, individualized, free from chemical combination with other substances, or as the alchemists would say in a virgin state; on the other hand, nature takes upon itself the technological work in the large gold washings of rivers. Only the crudest work is thus required on the part of man whether in winning gold from rivers or earth-deposits, whereas the production of silver presupposes mining and relatively high technical development generally. In spite of its lesser absolute scarcity the primitive value of silver is, therefore, higher than that of gold. Strabo's assertion, that among a certain tribe of Arabs ten pounds of gold were given for one pound of iron, and two pounds of gold for one pound of silver, seems in no way incredible. But, as the productive powers of labor in society are developed and the product of simple labor is therefore enhanced as over against combined labor, as the earth's crust is more thoroughly broken up and the original superficial sources of gold supply are exhausted, the value of silver will fall in proportion to the value of gold." (*Critique*, p. 160-161).

It would be interesting, by the way, to have Mr. Hitch explain, according to his quantity theory, how the price and value of silver were higher originally than those of gold, in spite of the greater abundance of the former.

If Mr. Hitch objects to ancient testimony, Marx will accommodate him with a more modern example which will also show that Mr. Hitch ascribed him opinions which he did not hold. The rise of prices in the sixteenth and seventeenth centuries is ascribed by the school of economists to which Mr. Hitch belongs, to the increase in the total quantity of gold and silver following the discovery of new mines in America. Marx denies that emphatically and ascribes the rise of prices to the fall in value of gold and silver, i. e., to the fact that less labor was



required in the more productive mines in the New World than had been the case before. (*Critique*, p. 169). He ridicules Hume's quantity theory explanation (which Mr. Hitch would have us believe, Marx accepted himself), and says: "That not only the quantity of gold and silver increased in the sixteenth and seventeenth centuries, but that the cost of their production diminished at the same time, Hume could see from the fact of the closing of the European mines." That is, if the fall in the price of gold would be only temporary, due to its increased production, there would be no necessity for closing the European mines in preference to the far off American mines. The reason for doing so came only after the amount of labor time necessary to extract the precious metals from the European mines became greater than the "socially necessary labor," as determined by the more productive American mines. So much for one of Marx' "admissions."

Another "admission" by Marx, of the correctness of the quantity theory of money, is in the case of "full weight free coinage gold money in gold producing countries, where the gold is coined direct for the miners' account, without being first bartered for commodities" (*Hitch*, p. 31). Again, no reference to any place in Marx' works is given to vouch for the assertion and we are at a loss to understand where the "admission" was obtained. As Mr. Hitch himself, however, "admits" that it is only an impression of his, "at least this is as we understand Marx," says he, we hardly need dwell on this any longer.

The fifth and last "admission" of Marx is in "cases where the weight of the unit is changed." Again no reference, and again we must deny the "admission," as utterly at variance with Marx' fundamental views on the subject. Marx devoted a whole chapter in his "*Critique*" entitled, "Theories of the Unit of Measure of Money," to show how erroneous were the views of various economists who thought that the name attached to the coin, and not the weight of the precious metal it contains, determines the exchange value of money.

As to Marx' first two admissions, as to the applicability of the quantity theory of money to fiat and partially fiat money, Mr. Hitch is right, in a way; but fails to see the full import of the "admission." Marx says that fiat money has value not because of the government sanction of it, but only in so far as it is covered by gold or silver. If the paper money is covered by a metallic reserve to its full extent, it will have a full face value. Should it be increased, however, beyond the metallic reserve, say, to twice the amount of the latter, its value will fall in proportion. The fall in value of fiat money is therefore due primarily not to its increase in quantity, but to the fact that it has no intrinsic value outside of the value of the metal it stands for.

Increase the metallic reserve in proportion as you increase the issue of your fiat money and the latter will not fall in value. It is enough to refer to our financial history during the Revolutionary and Civil wars to prove the correctness of Marx' view; we regret to be unable to comment upon these at length, for lack of space.

Having disposed of Marx' "admissions," we have practically performed our task, except that we have not taken up, as yet, Mr. Hitch's arguments. Let us take them up in their order. On p. 32, Hitch opens his arguments as follows:

To decide whether a rise in the price level is due to a fall in the value of gold as Marx claims, or to an increase in the quantity of money, as we claim, it is only necessary to observe that, if under free coinage the coins be diminished in weight by one-half and the same names retained, there would be a rise in the price level, as Marx admits. If on the other hand, the coins be diminished in weight by one-half, but the coinage limited in quantity to the same number of coins as previously existed, the price level will remain the same, though the value of the gold metal contained in the coins will be one-half the same as formerly. This proves that the quantity of money, and not the value of the metal in the coins determines the price level. This is to Marx a stumbling block.

Poor Marx! Mr. Hitch undertakes to prove his claim, viz., that it is the quantity of money and not its intrinsic value as metal, that determines its value. And how does he prove it? By using a hypothetical case and saying that he has no doubt that things would turn out as he wants them to. "This proves" it, he triumphantly concludes, and proceeds to pity poor Marx, who cannot see the point. But Marx and those who agree with him claim that just the opposite effect would take place, viz., that prices would rise, and Mr. Hitch's "this proves" is insufficient to shake their belief. Instead of dealing in hypothetical examples they point to concrete historical cases, when clipping of coins, both open and surreptitious, invariably led to a fall in their value and a consequent rise in prices, in spite of the fact that the names of the coins remained unchanged. Thus, on p. 61 of his "Critique" Marx tells us of the curious state of affairs in England under William III, when the market price of silver stood above the mint price, something just the opposite of what we are experiencing now. An ounce of silver was divided into 62 parts, each part constituting one penny, twelve such parts making up a shilling coin. According to that the mint price of an ounce of silver was 5s. 2d. But when you went to buy an ounce of silver in the open market you had to pay 6s. 3d. for it. "How could the market price of an ounce of silver rise above its mint price?" Marx asks, "when the mint price was but a



name for an aliquot part of an ounce of silver?" The riddle was easily solved. Of the £5,600,000 of silver money which were in circulation at that time, four million were worn and clipped. It appeared upon a trial that £57,000 in silver, which should have weighed 220,000 ounces, weighed but 141,000 ounces." Thus the value of the coin fell, in spite of the fact that the mint continued to coin the money according to the old standard. What does it show? Simply this: that when you diminish the weight of a metal coin, that coin being the standard money (and not a mere subsidiary coin, when the law would not apply on the same principle as in the case of fiat money, see above) it will lose in value, no matter what name you attach to it.

#### MARX' "ASSUMPTIONS."

"All of Marx' theories about money," says Hitch on p. 33, "are based on the assumption that the price level is always constant." Again no quotation corroborates the assertion, and again we must respectfully but most emphatically deny that. Let Marx speak in his own behalf. "These three factors, state of prices, quantity of circulating commodities, and velocity of money currency, are all variable." (*Capital*, p. 61.) But Hitch still insists: "Marx tells us frankly (?) that in his reasoning he considers the value of gold as given, as fixed, which of course (!) implies that the price level is also fixed" (p. 33). Now we are beginning to see why Marx is misunderstood by Mr. Hitch. He cannot imagine any other cause for a change in prices but a change in the price of gold. It evidently does not occur to him that the absolute value of gold may remain the same, but that owing to a change in the methods of production, such as new inventions, new division of labor, or what not, prices of various commodities may change and thereby affect the price level. Thus we see that even if Marx had said that the value of gold is fixed, Mr. Hitch would not be justified in his conclusion that Marx considers the price level constant. One could hardly imagine a greater absurdity than that. One need not be a Marx to know that the price level varies all the time.

But the whole assertion made by Mr. Hitch looks decidedly like an attempt at humor when we turn to Marx and find that he had not made any such assumption, even with regard to gold. Here is what he says on p. 50 of his "Critique": "To serve as a measure of values, gold must be as far as possible a variable value," (underscored by Marx), and further: "Just as in determining the exchange value of every commodity in terms of use value of another commodity, so in estimating the value of all commodities in terms of gold it is only presupposed that gold represents a given quantity of labor time at a given moment." Is it possible that the assumption of the fixedness of

the value of gold at a given moment (perfectly justifiable in all discussions) has led Mr. Hitch to his assertion? But then how did he understand this passage in the "Critique" (p. 50) which immediately follows the above: "As far as changes in its (of gold) value are concerned, they are subject to the law of exchange value worked out above. If the exchange value of commodities remains constant; a general rise of their gold prices is possible only in case of a fall in the exchange value of gold. If, on the other hand, the exchange value of gold remains constant, then a general rise of gold prices is possible only in case of a rise of the exchange values of all the commodities. The opposite causes are at work in the case of a general sinking of prices of commodities, etc." So much for Marx' views and what Mr. Hitch tries to make out of them. No wonder he can dismiss Marx after that with a contemptible sneer: "This is the sum and substance of thirty-five pages of financial philosophy in *Capital*, and one hundred and fifty-six pages in *Critique*. 'The mountain labored and brought forth a mouse'" (p. 34). The mistakes displayed by our author on several pages following are due to this fundamental misconception of Marx, and are filled to a great extent with the same sort of cheap ridicule of one of the greatest minds this century has produced.

On p. 36 we are treated to another "assumption" of Marx, viz., "that a country requires a certain quantity of money to circulate its commodities, no more and no less." That is true only in a limited sense. Again, we are not given a word of Marx' own statement as corroboration of the "assumption." If Mr. Hitch had thought of the quotation from Marx which he himself gives on page 30 of his article, he would read there the following:

"The law that the quantity of the circulating medium is determined by the sum of the prices of the commodities circulating and the average velocity of currency may also be stated as follows: Given the sum of the values of commodities and the average rapidity of their metamorphoses, the quantity of precious metal current as money depends on the value of that precious metal."

But we have already seen that Marx does not think that the value of precious metals is constant; consequently the quantity of the metal current as money cannot be constant. Furthermore, when Marx says: "Given the sum of the values of commodities," etc., it requires an extraordinary logic to interpret that he assumes that the sum of these values is constant; thus, there is not a single element among the factors which according to Marx determines the quantity of money in a country, that is constant. What Marx did say was that at any given time the existing prices and the rapidity of circulation of money as well

as all the other devices for substituting money, such as checks, bank clearings, etc., determines the amount of money necessary for the country.

We now come to a new "assumption" of Marx (p. 38), viz., "that all the gold in a country does not enter into circulation." Mr. Hitch thinks that "this is superficially true; but essentially it is utterly false and misleading." "Let us pit Marx against Marx," exclaims Hitch, on p. 41. Let us follow his example, and pit Hitch against Hitch. Let us put side by side what Hitch has to say on the subject on p. 38 and then on p. 41:

"That all the gold in a country does not enter into circulation." "This is superficially true; but essentially it is utterly false and misleading."

"To say, therefore, that all the gold in a country does not circulate as money is analogous to saying that all the products of a country do not circulate as commodities. This is superficially true. But in substance it is false."

(Hitch, p. 38.)

"The fact that gold coin and bullion are interconvertible does not make them the same thing at the same time; when gold is money it is not bullion, and when it is bullion or is hoarded even in the form of coin it is not money. A product can not be money and a commodity at the same time. Herein lies Marx's vital errors" (sic!).

(Hitch, p. 41.)

Does it lie in disagreeing with Mr. Hitch on p. 38 and agreeing on p. 41, or vice versa? We are waiting for enlightenment. The contradictions in which Mr. Hitch entangles himself in the following pages are in the main due to the two causes we have illustrated now in so many examples. First, that he ascribes to Marx views and arguments which the latter never held or advanced. Second, that he is not clear in his own mind when he believes a certain principle to be true and when not. It is not necessary to consider all these contradictions at length. If all that Mr. Hitch has to say on the following pages were true in itself (which it is not) his case would not be won after all that has been brought out here.

It is a pity, however, that he has not attempted to give some positive proof of the correctness of his quantity theory and limited himself instead to mere criticism. Perhaps he would have explained to us then why prices did not fall uniformly during the depression which led to the silver craze of 1896, as they should have done if his theory is true, that the cause of the fall lay in the insufficiency of money and its consequent appreciation; and also why the recent rise of prices which reached its climax last March or April was also devoid of any uniformity, if we consider the prices of various articles. Mr. Hitch, finally, gives up his cause when he says (p. 44), that universal monometallism might be a good thing, but until that comes it is ad-



vantageous to have the money of different countries interchangeable at a fixed rate of exchange; for if it is a good thing, the natural inference is that in order to attain it we should strive to get the countries which are still on a bimetallic basis (and they are the most backward countries, by the way, and therefore are least involved in international exchange) to adopt monometallism and not adopt the opposite course, as Mr. Hitch would have it. And in the light of that it sounds rather theatrical and affected when he adds: "And it appears to us inconsistent in the monometallist, who claims to be the friend of the working men of the world, to ride rough shod over all those who do not happen to live in gold using countries."

Really, Mr. Hitch, if the workmen who "do not happen to live in gold using countries," were so vitally affected by the monetary conditions as you seem to think, and if, furthermore, your assertion would be true that "international parity of exchange, even without an international unit of account, but especially combined with such a unit, would be a most powerful bond of union between the working men of all countries," don't you think that they would have raised this question long ago at the International Congresses to which they send their representatives from time to time? And does it not rather tend to justify the attitude of the American socialists who, in common with the socialists of all the world, consider the whole financial question but a matter of subordinate importance, not worth the powder of socialists, who have far more momentous questions before them to settle?

Were it not for the fact that Mr. Hitch's article appeared in the *International Socialist Review*, and further, that because of that, if unanswered, the impression might go abroad that it represented the sentiment of the American socialists, the writer, for one, would not think it worth the trouble to go at this time into a discussion of the question.

*N. I. Stone.*

## Edward Carpenter and His Message

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**T**HERE is no single feature in the literature of our times that is more profoundly significant and interesting than the revolt against modern society. A Tolstoi in Russia, a Zola in France, an Ibsen in Norway, a Howells in America, have all made their art the vehicle of a social message. In England this tendency is especially marked. We have seen John Ruskin and William Morris, two of the most striking literary figures of the Victorian era, break away from the old traditions, and throw the whole weight of their influence into the struggle for better social conditions. In the England of to-day we see a spectacle equally remarkable. We find communism—that bugaboo of the respectable classes, that very embodiment in the popular mind of all that is accursed—openly espoused by a group of literary men whose genius is recognized all over the world.

Edward Carpenter is perhaps the most talented member of this group, and he strikes a note in contemporary literature that is as unique as it is inspiring and beautiful. Carpenter stands for democracy in its fullest and broadest sense—democracy which represents not merely political forms, but which penetrates to the very roots of society. He turns with horror from the life of to-day, with its degradation of human life, and its subordination of beauty to profit, and pictures the days of the future, when commercialism has been supplanted by communism. In his dream of the society which is to be he realizes his ideal of brotherhood of art, of nature-love.

Thirty years ago Edward Carpenter, while at Cambridge University, came under the influence of the Rev. F. D. Maurice, the Christian socialist, and entered the Church of England. He relinquished his orders, however, and for some years was a university extension lecturer on art, music and science in the north of England. In 1877 he visited the United States and became acquainted with Walt Whitman. He had already fallen deeply beneath the spell of this great democratic thinker, and upon his return to England he took to farm life at Millthorpe, near Sheffield, and began to think out his "Towards Democracy." Much of this book was written in the open air, and it breathes the spirit of the fields and flowers. "Towards Democracy" and its sister poems, were published in 1883 and were quite startling in their unconventionality. Carpenter had become saturated with the Whitman spirit. He used in his poems the same rough, unfettered form, and held out to the world

the same democratic ideal. "Leaves of Grass" finds its transatlantic prototype in "Towards Democracy." The poem "Towards Democracy" is a wonderful revelation of Carpenter's personality. In a series of seventy dramatic stanzas, which sweep the reader along with impetuous force, the poet touches every emotion in human life. He associated himself with the lowest and vilest, as with the noblest; he hurls anathemas against modern society; he writes passionately of love, and of kinship with nature and animal life; he voices the hope of a new era of fraternity and beauty.

In one of the most striking passages of "Towards Democracy" Carpenter gives a panoramic survey of England. With a master hand he paints the picture he sees before him. Rivers, mountains and cities all pass beneath his gaze:

"The beautiful grass stands tall in the meadows, mixed with sorrel and buttercups; the steamships move on across the sea, leaving trails of distant smoke. I see the tall white cliffs of Albion.

"I smell the smell of the new-mown grass, the waft of the thought of Death—the white fleeces of the clouds move on in the everlasting blue—with the dashing and the spray of waves below. . . .

"I see the sweet-breathed cottage homes and homesteads dotted for miles and miles and miles. I enter the wheelright's cottage by the angle of the river. The door stands open against the water, and catches its changing syllables all day long; roses twine, and the smell of the woodyard comes in wafts. . . .

"The oval-shaped manufacturing heart of England lies below me; at night the clouds flicker in the lurid glare; I hear the sob and gasp of pumps and the solid beat of steam and tilt-hammers; I see streams of pale lilac and saffron-tinted fire. I see the swarthy, Vulcan-reeking towns, the belching chimneys, the slums, the liquor shops, chapels, dancing saloons, running grounds, and blameless remote villa residences."

Finally comes the climax: "I see a land waiting for its own people to come and take possession of it."

Edward Carpenter writes as one stifled by the artificiality of modern life. In fiercest words he lays bare the shams and hypocrisies which he sees around him. He lashes "the insane greed of riches, of which poverty and its evils are but the necessary obverse and counterpart," and "smooth-faced Respectability, so luxurious, refined, learned, pious—yet all out of other men's labor." He laughs at "ideas of exclusiveness, and of being in the swim; of the drive of aristocratic connections; of drawing-rooms and levees and the theory of animated clothes pegs generally; of helplessly living in houses with people who



feed you, dress you, clean you and despise you." He sees a nation that has far departed from the laws of nature and of healthy life; ever is he haunted by the vision of the world that might be and thoughts of "the free sufficing life—sweet comradeship, few needs and common pleasures." I propound a New Life to you," he exclaims, "that you should bring the peace and grace of Nature into your own daily life—being freed from vain striving."

In a poem entitled "After Civilization" Carpenter thus beautifully presents the idea of the unfolding of the new society:

"Slowly out of the ruins of the past—like a young fern-frond uncurling out of its own brown litter—

"Out of the litter of decaying society, out of the confused mass of broken-down creeds, customs, ideals;

"Out of distrust and unbelief and dishonesty, and fear, meanest of all (the stronger in the panic trampling the weaker under-foot);

"Out of the miserable rows of brick tenements with their cheap jack interiors, their glances of suspicion, and doors locked against each other;

"Out of the polite residences of congested idleness; out of the aimless life of wealth;

"Out of the dirty workshops of evil work, evilly done;

"I saw a New Life arise."

In his essays Edward Carpenter has written definitely of the economic structure of the ideal society, but in his poems he rather gives us hopes and aspirations. He speaks of the spirit of mutual service and dependence under Communism, in which each will do the work before him "doubting no more of his reward than the hand doubts, or the foot, to which the blood flows according to the use to which it is put." This conception of a social order based upon the idea "From each according to his ability, to each according to his need" is supported by references to the Law of Equality, which Carpenter interprets in this way:

"If you think yourself superior to the rest, in that instant you have proclaimed your own inferiority;

"And he that will be servant of all, helper of most, by that very fact becomes their lord and master.

"Seek not your own life—for that is death;

"But seek how you can best and most joyfully give your own life away—and every morning for ever fresh life shall come to you from over the hills."

In another poem he writes of "the outspread pinions of Equality, whereon arising Man shall at last lift himself over the Earth and launch forth to sail through Heaven." The stanzas

entitled "The Curse of Property" are a tremendous indictment of existing property claims, and leave no doubt as to the trend of Carpenter's communist teachings.

This truly remarkable book of poems strikes a note of intense realism. Edward Carpenter accents all the facts of life, "nothing blinked or concealed," he makes himself the mouthpiece of the "vast unfettered human heart" in its every manifestation. But he is also saturated with an equally intense idealism. He lives and writes in the present, but his hope is in the future.

Edward Carpenter has given practical expression to his ideals by taking part in the Socialist agitation of England. About the year 1883, just after the first English Socialist society had been founded, and while William Morris and H. M. Hyndman were carrying on a vigorous propaganda in London, Carpenter was drawn into the Socialist movement. It was with his money that "Justice," the first English Socialist paper, was started, and he both wrote and lectured on behalf of the Social Democratic Federation. When William Morris seceded from the Federation and founded the Socialist League, Edward Carpenter showed himself in sympathy with the new body, and contributed to Morris' revolutionary journal, "The Commonweal." He compiled and published during this period an interesting Socialist song book, with music, and shortly after some of his Socialist lectures and articles were issued under the title of "England's Ideal." In 1889 "Civilization, Its Causes and Cure," and other scientific and social essays were published in book form, and a year later he wrote a long account of his travels in India, which he called "From Adam's Peak to Elephanta." During recent years Carpenter has given much attention to sexual problems, and a book entitled "Love's Coming of Age" sums up his thoughts on love and marriage. Carpenter's last contributions to literature are a series of essays on art and its relation to society, published under the name "Angels' Wings," and a translation of "The Story of Eros and Psyche," from Homer's Iliad.

In the essay, "Civilization, Its Causes and Cure," we touch the heart of Edward Carpenter's life philosophy. To the majority of readers the title will seem a strange audacity—the more so since Carpenter looks upon civilization in no mere humorous sense, but quite soberly and seriously, as a disease. He instances its unhealthiness and retinue of doctors, its feverish spirit of unrest, and its miserable poverty; comparing these features with the normal life of the more developed savage races. Carpenter lays great stress on the moral and physical qualities which humanity has lost in its progress from barbarism to civilization, and while he is far from advocating a mere return to first principles, he shows quite clearly that civilization has not meant all gain. He also lays emphasis on the fact that the men

of to-day have almost wholly abandoned nature, and "disowned the very breasts that suckled them." "Man," he says, "deliberately turns his back upon the light of the sun, and hides himself away in boxes with breathing holes (which he calls houses), living ever more and more in darkness and asphyxia, and only coming forth perhaps once a day to blink at the bright god, or to run back again at the first breath of the free wind for fear of catching cold!" "He is the only animal," he adds, in another passage, "who, instead of adorning and beautifying makes nature hideous by his presence. The fox and the squirrel may make their homes in the wood and add to its beauty in so doing; but when Alderman Smith plants his villa there, the gods pack up their trunks and depart; they can bear it no longer. The bushmen can hide themselves and become indistinguishable on a slope of bare rock; they twine their naked little bodies together, and look like a heap of dead sticks; but when the chimney-pot hat and frock-coat appears, the birds fly screaming from the trees!"

Edward Carpenter lays the blame for modern conditions chiefly on the institution of private property, and its accompanying system of class government. Property, he claims, has divorced man (1) from nature, (2) from his true self, (3) from his fellows. At the same time he realizes that the development of modern society is working out its own downfall. The industrial tendency to-day is ever toward co-operation and communal ownership, as opposed to private competition, and as Carpenter claims, the only logical culmination appears to be communism—that is, public ownership of the means of life. He claims that such conditions would insure a secure and brotherly life for all, and that the human spirit, freed from the bonds of a sordid commercialism, would soar to heights undreamed of to-day. He believes that there would be an almost universal return to nature and simplicity. "Then," he says, "when our temples and common halls are not designed to glorify an individual architect or patron, but are built for the use of free men and women, to front the sky and the sea and the sun, to spring out of the earth, companionable with the trees and the rocks, not alien in spirit from the sunlit globe itself or the depth of the starry night—then, I say, their form and structure will quickly determine themselves, and men will have no difficulty in making them beautiful. In such new communal life near to nature—its fields, its farms, its workshops, its cities—we are fain to see far more humanity and sociability than ever before; an infinite helpfulness and sympathy, as between the children of a common mother."

Edward Carpenter has much in common with two of America's greatest sons, Henry D. Thoreau and Walt Whitman. He



shares with both the passionate nature—love, amounting almost to religion; with both he revolts from the cumbrous machinery of a complex civilization. In the same way that Thoreau retired to his hut by Walden, Carpenter spends his days at a farm in a beautiful Yorkshire dale, and here he lives a simple country life, working day by day on the soil and alternating manual with intellectual toil. Occasionally also he lectures throughout England. He has entered into relations of true fellowship with the laboring people around him, who come to him to discuss their daily affairs, their trials and their hopes. Edward Carpenter's personality is delightful. He is small and well-proportioned and his thoughtful face is one of singular beauty, with brown beard and expressive eyes.

"To meet Edward Carpenter," says one of his friends, "or to listen to one of his characteristic lectures on social questions, is to find oneself in touch with a man who is absolutely free from the fetters of conventionality. Here in the human world is that which makes you think of nature—a wave of the sea, an oak on the free hillside; it is nature become intelligent and human, or man become a part of nature and still man! He does not strike one as brilliant, or as learned, or as eloquent, but as something entirely natural and fresh and unconstrained. Some happy secret is his, and life is made beautiful and calm and full of joy therewith."

Perhaps Edward Carpenter told the world his "happy secret" when he wrote the following poem:

"Sweet secret of the open air—  
That waits so long, and always there, unheeded.

Something uncaught, so free, so calm, large, confident—  
The floating breeze, the far hills and broad sky,  
And every little bird and tiny fly or flower  
At home in the great whole, nor feeling lost at all or forsaken,  
Save man—slight man!

He, Cain-like from the calm eyes of the Angels,  
In houses hiding, in huge gas-lighted offices and dens, in ponderous churches,  
Beset with darkness, cowers;  
And like some hunted criminal torments his brain  
For fresh means of escape, continually;  
Builds thicker, higher walls, ramparts of stone and gold, piles  
flesh and skins of slaughtered beasts,  
'Twixt him and that he fears;  
Fevers himself with plans, works harder and harder,  
And wanders far and farther from the goal.

And still the great World waits by the door as ever,  
The great World stretching endlessly on every hand, in deep  
    on deep of fathomless content—  
Where sing the morning-stars in joy together,  
And all things are at home.”

*Leonard D. Abbott.*



## The Congress of Italian Socialists

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After two years of struggle against the reactionary policy of the dominant bourgeoisie and its government, in the country and in the Chamber, the Italian Socialists have met in Congress. The facts that have developed since the Congress of Bologna (September, 1897) have brought much trouble into the different organizations of the party, and many new elements, theoretical and practical, have come up for discussion and regulation. Absorbed in the political struggle, the comrades had abandoned, under pressure of circumstances, the tactics of absolute isolation, of no electoral alliance with other parties; they had neglected the economic organization and propaganda; they had substituted for the regular executive elected by the Congress a provisional executive administered by the parliamentary group. It thus became necessary to fill up gaps in the ideas and in the organization of the party. Despite the howls of the ultra-reactionary press, through the good sense of the government, which for once allowed the law to be observed, nearly 200 delegates met here, at Rome, in the "Eldorado" theater, and held discussions through the 8th, 9th, 10th and 11th of September.

And first one point should be made clear: In spite of the ardent desire of our opponents to see the Socialist Party weakened and shattered by the division of its members; in spite of the differences of opinion on electoral tactics; in spite of the contrasts in temperament and in political and economic development between the South and the North—the most absolute unity in the principles of Socialism was manifested. In spite of the warmth of the discussions, particularly upon tactics, not a voice was raised to express a single doubt, a single hesitation regarding the theoretic foundations of the party. A wave of sincere and unanimous enthusiasm swept all before it when Comrade Ferri, after stating his views on the tactics of no compromise, said in a fine burst of eloquence that it might happen that his theory be rejected, but that after the vote there would be neither victor nor vanquished, that he would be the first to obey the decisions of the Congress, and that the Italian Socialists would have given once more this superb example of discipline and of unity to the adversaries who are watching us.

And he was beaten, and the hearts beat in unison all the same!

With this preface, let us come to the work of the Congress. The finances of the party, however much disturbed by prosecutions or weakened by the economic level of our country, are nevertheless in a healthy state; the weekly press has more than



doubled since 1896 and numbers sixty papers, most of them very active, and putting out average editions of three or four thousand a week. The daily "Avanti" has improved its financial situation to the point of being able to dispense with the contributions of comrades to keep it going. The Congress, after a viva voce vote of approval for the work of the "Avanti" and of confidence in the editor, Bissolati," and in the management, expressed the wish that the paper be enlarged and improved in its telegraphic service as soon as possible; it decided that the paper be kept in Rome, and it authorized the comrades of Turin to change their weekly organ, "Il Grido del Popolo," into a daily as soon as they could, providing the management of the party did not think the "Avanti" would be endangered by diminished sales in Piedmont.

There were two very clear currents of thought in the matter of electoral tactics; one, represented by Ferri, was for a return to absolute isolation in the matter of electoral alliances. "The reaction has been beaten," said Ferri, "and we as a party are not strong enough to dispel the fear of warping our individuality in alliance with other parties. We should, therefore, continue on our way by ourselves and push the propaganda of the class struggle because the best way to defend liberty and to democratize the state is to make intelligent Socialists. Only in cases of necessity, where liberty is in extreme danger, ought we to ally ourselves with the other parties of the extreme left."

"But no," answered Modigliani and Treves, "the reaction is not altogether beaten, it is only professing to do by the application of the law what before it did noisily by arbitrary and evident violence; formerly it had strikers shot, to-day it supplies their places with soldiers detailed to act as harvesters. We must then press on to the democratization of the state, we must reinforce the parties of the extreme left (republican and radical) and to that end we must not shut the door to alliances, but we must leave the local federations free to decide for themselves, under the vigilant supervision of the party, which will correct any evident mistakes, at variance with the party's aim."

This second view prevailed by a majority of thirty-seven. As to the political organization of the party, all agreed that the national council must be abolished, being too costly in traveling expenses and too slow; and that the parliamentary group, as such, must be excluded from the management, because subjected to the control of the party.

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In the case of the small proprietors who, coming as representatives from the North (Piedmont) and from the South (Abruzzes) are represented as being virtually wageworkers un-

der the form of proprietors, the Congress decided: We encourage the comrades from districts of small property holdings to continue their attempts to acquire material, so that a definite decision may be reached in the next Congresses on the question of the co-operatives for production and consumption, insurance and credit applied to agriculture and inspired by the following principles: (1) the co-ordination and development of agricultural production toward its collective organization, (2) preparation of franchises with a view to public use, (3) the moral elevation and political education of the masses of small proprietors into the Socialist consciousness and into resolute action for the improvement of their conditions of existence, (4) a concrete propaganda of collectivist principles.

Later Anna Kulichoff proposed, and the Congress adopted by acclamation, the elaboration on the part of the parliamentary group of a proposed law for the regulation of woman and child labor, with a plan for immediate agitation on the subject among the interested class. And before closing the discussion a resolution was adopted vigorously protesting against the use of the army by the government to replace strikers in the service of employers.

[In August, the grape-gatherers of Molinella at the harvest time, declared a strike, in order to obtain the wages agreed on two years ago between employers and workmen in an explicit schedule. The strikers demanded the election of a permanent commission of workmen and employers for the application of the schedule. The employers demanded soldiers to replace the grape-gatherers. The public authority sent them. The government, on being questioned in parliament, made a pretense of interfering and even of recognizing the sound arguments of the strikers. But while the hearings were prolonged, the soldiers were finishing the vintage, and when the last ripe grape was gathered, orders were given to remove the soldiers. Trickery finished what illegal and partial violence had begun. That is the last exploit of the royal army of Italy!]

As to the action of the socialists in the provincial and municipal governments, it was decided to enter upon these also if in the majority, but never to assume the responsibility of administration or to participate in it if in the minority; to maintain an active agitation for legislative enactments in favor of communal autonomy, and to work for the most necessary reforms to ameliorate the physical condition of the workers, to municipalize public services, etc.

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A discussion was held on the temporary emigration of Italian workingmen to foreign countries in search of work. The con-

gress adopted a resolution affirming that the Italian socialist party has determined on a systematic following up of the currents of emigration, to incite the emigrants to enter into the economic organizations of the countries into which they go and to turn their energies into the cause of socialism. The International Bureau will keep up its correspondence with foreign colleagues to facilitate close relations between the local socialist organizations and our sections in foreign countries; the Italian socialists who go abroad are required to register in local sections; a member of the executive of the party is detailed to keep up the communication between the economic movement of the workers in Italy and the emigrants; in the municipal councils the socialists will maintain the institution of municipal bureau of emigration; in the parliament the socialists will demand the abolition of the passport taxes, the establishment of secretaryships for Italian emigrants in the bureaus of labor existing in France, Germany, Switzerland, etc.

The congress unanimously approved the work and the conduct of the parliamentary group during the struggle against the reaction and for liberty, but it censured the deputies De Marini and Borciani for participating in the official public funeral of King Humbert. The deputy De Marini wrote that he did not propose to submit to the judgment of the party, and he withdrew from the socialist parliamentary group. It was time!

Finally, after deciding to hold the next congress two years later, and after saluting the brave laborers of Molinella, the victims of reaction, and those waging the struggle in foreign lands, the congress closed its labors by singing the Hymn of the Toilers, having demonstrated by its action the truth of the refrain:

"If divided, we're but rabble,  
Bound in union we are strong."

This congress, held twenty-six months after the rifle volleys of May, one month after the assassination of the king, demonstrated in a practical way to the reactionary classes the expansion of deep and fruitful social energy, which comes from the resistless impulses of present civilization reaching out toward a plane of civilization that is higher.

*Alessandro Schiavi, in Le Mouvement Socialiste.*



## Philosophy of Imperialism

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(Continued from October Number)

These two facts, then, of the declining rate of profit from capital, and the advance in the volume of profit which the capitalist class are receiving from their capital, become perfectly intelligible and reconcilable when considered with the further fact that the capitalization of capital is increasing.

Again: Consider the whole of our city and suburban and country real estate in bulk—our warehouses, offices, hotels, residences, mines, farms, etc., etc. The revenues drawn from and based upon the ownership of the same are steadily increasing. At the same time their selling price, capitalization or actual money value, is also increasing. Thus whilst these things of themselves are in actuality a gradually increasing source of profit to their owners, looked at from the point of view of the diminishing rate of interest on this increased capitalization, they seem to be yielding less profit.

Considered in their synthesis, or taken altogether, the foregoing group of three economic facts, tend to firmly establish our contention of the previous parts of this inquiry, viz., that the United States has about attained a point where the profitable home investment of capital is no longer possible. The profit of the capitalist class, instead of being devoted to the development of new enterprises, as heretofore, is now being used to buy up the existent enterprises. It is being used for the purchase, at a constantly increasing valuation, of the industrial and other undertakings now in operation. In other words, the profits of our great capitalists, of our capitalist class par excellence, is beginning to be turned to the expropriation or "freezing out" of the small capitalist. The immense profits of the former are absorbing the moderate capital of the latter. The contemporary profits of our trusts are used, not to build more mills and factories, but to buy up the small concerns outside the big combines, whereby their own mills and factories become more valuable. The first decade of the coming century will practically consummate the absorption of the small trader and independent manufacturer in this manner.

The present is an era of competition between big capital and little capital; between the capitalist class as we are beginning to understand and use the term in the present day, and the capitalist class as the same existed in history up to say a generation ago. The outcome of the struggle must result in a victory

for capital par excellence. The small capitalist will cease to be a capitalist; he will become a working man, a salaried official under the coming great industry, thus taking his place in the ranks of the working class.

The present competition between big capital and little capital, which is now so well under way, must result in the absolute absorption of the latter. This in its turn will eventually mean a phenomenal increase in the prosperity of the big capitalists, or a further addition to the profits of the trustified industries and combinations of various natures.

Now, when this stage of things comes around, what is the country—which will then mean, practically speaking, that fractional part of the community consisting of the trusts or money power—to do. Confined to the United States, after the large capitalists have eliminated the small capitalists, using simply legitimate methods of competition for this purpose, the capitalist class remaining will be compelled to devote their profits to the purchase of their own capital, or the existent means of producing wealth within the United States. In this way, as competition gets up to and only exists among the multi-millionaires, so to speak, the capitalization of the industries of the United States must rise to infinity; to a price absolutely prohibitory of their purchase. The rate of profit obtainable from an investment of capital, the percentage of interest that may be secured from money used in the purchase of the means of production, will consequently sink to zero. It is in this sense that we would be understood as saying that when the capitalist seemingly gets nothing will be the time when he will get all.

If the nation only be given an opportunity to expand, however, instead of the capitalist class using their profits to their own detriment; in place of devoting their surplus from the productions of the working class to competition among themselves, they will be furnished with a lucrative outlet for the same.

Should the reverse of this be the case, however, then under such a national policy of unwisdom, the smaller millionaires must be absorbed by the larger ones, just as the small millionaires are now assimilating the hundred thousand and fifty thousand dollar man. Under expansion, we may for a little while avert the threatened consolidation of big capital and the likely trustification of the trusts, which must otherwise develop into an immediate actuality.

There is consequently nothing more consistent and more logical, than that the capitalist class should so seek to adjust matters that they may, under as convenient auspices as may be possible, send their profits to foreign countries, where they can reinvest them so that they will be a source of further revenue. The intelligent expansionist knows this and has such end in view.

Restricted to our own country, our capitalist class cannot expect to obtain an appreciably greater amount of profit than they are now getting, no matter how they may adjust affairs. The working class of America, although they are the most intelligent and industrious working class in the world to-day or in recorded history, can only produce so much.

Out of the results of their production the capitalist class must necessarily allow the producing class a living wage. The profit of the capitalist is always limited by this physical necessity of the worker. We may keep on adding to the capital, or rather the capitalized value of the capital, of the United States to infinity; but the amount of capital (in the sense of actual things) which the working class can manipulate for the production of either wages or profit, in a finite quantity.

Without expansion the volume of profit which the capitalist class may obtain must tend to become stationary. At any rate, it can never exceed that amount which their working class, driven to the utmost of its capacity under the smallest living wages, can be made to produce. Without expansion, this profit must be used competitively in buying up the existent means of securing profit at home; it must be reinvested in the purchase of existent industrial enterprises at a constantly progressive capitalization. Without expansion, in place of the multiplicity of trusts with which we are now blessed, and whose numbers help in some measure to hold one another in check, the tendency must be to the more rapid consolidation of these trusts than would otherwise be the case. Instead of many trusts we shall have few; but these few will be of great power. And finally, even in our own day perhaps, we may witness the spectacle of one great and powerful leviathan whose unbridled despotism will rule the whole of the United States with a rod of iron.

Now, on the other hand, expansion will avert such a woeful calamity. At any rate it may enable us to say: After us the deluge. For given expansion, and the volume of profit which the capitalist class may obtain will increase. To the amount of profit produced by the American working class will be added the profit produced from the capital supplied to an annexed working class. Our capitalist class will be relieved from the necessity of uselessly expending their profits in competition between themselves in regularly buying up their own capital on a continually rising market for securities. The tendency for the rate of profit to decline in the United States will, for the time, be arrested.

The demand for expansion, then, is essentially a materialistic demand. It involves the question as to whether the revenue of the capitalist class of this country shall remain stationary or



increase. It does not rest, as simple and foolish people may suppose, on such a slender basis as the sentiment of human brotherhood. The benevolent assimilation of oppressed and degraded races, in order that they may feel the stimulus of our refined and humanizing Republican form of government, is not the real motive underlying imperialism at all. To think this argues a state of unsophisticated innocence which is childlike and bland. No! Our new policy is not based on sentiment but on business. To fully grasp this fact is to know that the United States government, which simply means the capitalist class of the United States, will rigorously continue to pursue, on every occasion which can be made available, the course of empire which it has already taken.

Nor is there anything new or wonderful in the clearly defined goal to which the foreign policy of the United States, a country hitherto without a foreign policy, is leading the commonwealth. There are historic instances innumerable of this peculiar recurrence of events in the life of nations. To mention no other country, England went through precisely the same experience over a century ago.

About this time there sprung up in this country a galaxy of inventors, who perfected the steam engine, the spinning jenny and machines for the weaving of yarn and cloth. With the aid of these wonderful appliances the working class of the British Isles were enabled to produce—profit; or an excess of value over what was necessary for their reasonable sustenance. In the early manufacturing days of Lancashire the profits of the master spinners amounted to thousands per cent.

The colonial possessions of the British Empire have formed the principal dumping ground of the profits of the capitalist class of Great Britain. When England became soaked to the point of absorption with capital; in proportion as the working class became supplied with the latest and most approved machines of production, the profits of the British capitalists were transported to her colonial possessions and there invested as capital.

History is again repeating itself. In common with all industrial nations, the United States, the youngest but most powerful among the nations, is beginning to experience the effects of a redundancy of profit and plethora of capital. The failure to find an outlet for the same must spell death to the capitalist class.

In any society there are at bottom two ways, and only two, by which a man may obtain a revenue. The one way is by the exertion of labor; the other way is from the ownership of things.

That part of any man's revenue which is based on his own

personal exertion of hand or brain we call wages of labor. That part of any man's revenue which is based on the ownership of things we call profit of capital.

Since these two revenue forms—wages of labor and profit of capital—constitute the only forms of economic revenue in civilized society, it necessarily follows that, other things being equal, as one of these forms increases in volume the other must decrease; that as the wages of labor go down the profits of capital must go up, or vice versa.

If labor be producing a gross quantum of wealth which we will call two  $x$ , and one  $x$  is distributed to this factor as a return to its exertion, then one  $x$  must be distributed as profit to capital. Should the productiveness of labor from any cause be increased to three  $x$ , then provided no greater sum of wealth is distributed in the form of wages than formerly, the profit accruing to capital must rise to two  $x$ . And if we could conceive the wages of labor as being forced down to nothing at all, then capital must take everything, or the volume of profit rise to three  $x$ .

Now, since the effectiveness of labor for the production of wealth is prodigiously increasing; and since, as we take it, the wages of labor are not increasing, the laborer failing to participate in the results of his increased productivity—it logically follows that profit must be increasing, or that the enhanced results of productive effort are being distributed in this revenue form to the owners of capital.

This is the relation of facts as between the two grand economic forms of revenue in the present time: Wages of labor are decreasing; profit of capital is increasing. The reason why, in spite of increase in productive power, wages of labor tend to a minimum which will give but a bare living, is that the present basis of the ownership of the means of producing wealth tends to absorb as profit all the results of production above the absolute necessities of the laborer.

Meanwhile, as we know, and as we have seen, contemporaneous with the absolute increase of the profit received from the ownership of capital, the interest of money—the common denominator in which the value of all capital is expressed—is declining. But, as we have further seen, capital at the same time constantly tends to be denominated in higher and higher terms of money. This higher denomination, or greater capitalization of capital, and the lower rate of interest thereon, is not only consistent with, but also explanatory of, the concomitant actual increase of profit. The positive increase in the volume of profit, which is so distinctly characteristic of the closing years of the present century in the United States, is but thinly disguised un-

der a diminishing rate of interest calculated on a higher valuation of capital.

The distinction between the working class, a distinct class whose whole revenue is drawn from the exertion of their labor power, and the capitalist class, a distinct class whose revenues are drawn exclusively from the ownership of capital, does not as yet clearly exist in fact.

The great middle stratum of society, or the class of small capitalists, is still a distinct factor in the social hierarchy. This middle class, or small capitalist class, is in a large measure a working class. Their income is a composite revenue made up of both profits of capital and wages of labor. The revenue of this class is based on the exertion of labor as well as on the ownership of capital.

Then again: The pure unadulterated capitalist, or the man of immense wealth, in his individual capacity may likewise be a workingman. This is perhaps nowhere so true as in the United States. But in his capacity of capitalist, the capitalist is never a working man. Even if he materially assists production, that part of his revenue which is based on the ownership of his capital is profit; it is only the residue which is wages.

The capitalist who labors, or, as the economists say, who makes himself useful is paid for this labor and utility independently. Whatever he may do, therefore, in the way of productive exertion, in his condition of capitalist, he is always a non-producer. The capitalist as capitalist is not a workingman. The revenue which he obtains in his capacity of non-producer—that part of his income which springs from the pure right of ownership in his capital—is called, in the language of the street, as also in our own expressive terminology, profit.

The capitalist who seeks to add to his income by working, and who consequently receives wages for his labor, by that act becomes a functionary who is paid twice. He receives both sources of revenue. This is the only difference between an idle capitalist and a laboring capitalist. From the exertion of his labor the capitalist may receive wages; but, at the same time, from his capital he never fails to receive profit. Profit is something that accrues to him in his function of capitalist, or as owner of the means of producing wealth.

Let me be clearly understood here. The revenue of any man must necessarily proceed, I say, from one of two founts—from the ownership of capital or from the exertion of labor. Capitalistic revenue (profit) and labor revenue (wages) practically constitute the only two forms of revenue in society. Apart from such uneconomic modes of obtaining a living as thieving, begging and gambling, the two channels, labor power and capital,



are the only channels by which, so to speak, any man can come into possession of a dollar.

The incomes of actual men may be made up from one or both sources. The same man may, at the same time, be receiving wages, or revenue based on the exercise of faculties which he possesses within himself, and be also steadily in receipt of profit, or revenue based on the ownership of things outside of himself.

We do not exactly designate, therefore, two particular classes of men, two distinct orders of the community, whose income is made up from each particular source exclusively. We do not necessarily associate either of these two particular sources of revenue with the individual.

At the same time, however, we would draw particular attention to this fact: That the tendency of industrial evolution is making for the clearly defined confrontation of society into two such distinct classes. If not ourselves, then our children, will be familiar with a class drawing no revenue but from the exertion of their labor, and another class drawing no revenue but from the ownership of their capital.

As the present time, and to a certain extent, both laborer and capitalist merge into one another by imperceptible gradations. But every day which passes is giving to the terms "capitalist class" and "working class" a definiteness of meaning which the use of such terminology hardly now conveys.

The small capitalist class, that immense body of the community which now adds to their wages by a profit from their limited capital, is a class that is doomed to extinction. Events have already progressed far in that direction. It is no longer necessary to be an economic student, possessed of a thorough grasp of the theory of social evolution, of the materialistic interpretation of history and the class struggle, to realize the perilous situation of the little business man. That his days are numbered is beginning to be a matter of commonplace knowledge. The combination of big capital under the name of the trust is sounding the death knell of the small proprietor. Since the trustification of capital is now under full sway, the final assimilation of the independent manufacturer and small trader into the ranks of the wage earners is a moral certainty which may be relied on to come around, not in a thousand years, but within measurable distance.

Social evolution is fast carrying us to a point where the capitalist will cease to be in any sense a member of the working class. The small capitalist, on the other hand, will be completely transmogrified into a working man. From now on we are destined to have no little capitalist class—that is, no capitalist class as this term was virtually understood up to within

recent years. All capitalists will cease to be working men, and all working men will cease to own any capital.

The coming century will witness the inauguration in the United States of America of just a plain capitalist class and a plain working class. This in itself will help to straighten out the so-called social problem.

The one class will derive the whole of its revenue from the ownership of capital, the necessity of any revenue from the exertion of labor becoming superfluous. Its revenue will be all profit. The other class will receive the whole of its revenue from the exertion of its labor power, and no part of its revenue will be drawn from the ownership of capital. The revenue of this class will be nothing but wages, and the same will be fixed by the former class at a subsistence minimum. It is to this clearly defined confrontation of a pure capitalist class as against a pure working class that the modern world is drifting. And the same will be attained in the United States of America prior to any other country.

As this economic alignment of classes comes around, the alignment of political parties will adjust themselves thereto. Instead of Republican, Democratic, Socialist, Populist and other parties such as we now have, there will simply be two political factions. Whatever their names may be, one of them will be essentially a capitalist party, fighting for the material interests, and for the retention of political sovereignty in the hands of the capitalist class. The other will be a working class or labor party, whose fundamental principle will be the transfer of political power from the capitalist class to their own class. Party lines will be drawn tight. Every man will vote his ticket straight. To the one party will be attracted all the capitalist forces; round the standard of the other will rally every working man who is true to his class.

#### 10.

Let us anticipate United States history by a few years. We will suppose the course of events to take the direction we have laid down; that the capitalist class proper have succeeded in eradicating those thorns in their side in the shape of the little capitalists; that a clear line of demarcation exists between the capitalist class and the working class; that no man can form any misconception as to which of these two classes he really belongs.

Further, as such a time comes around, the means of production and transportation, must exist in such quantities that the capitalist class can give full employment under the most favorable conditions of production to the working class. At such a stage the means of producing wealth, with which the working

class will produce their subsistence wage and the profit of the capitalist class, will consist of the most perfected tools, machine, and instruments of trade that science up to the time has invented.

In order to reduce the statement of the following demonstration to its simplest terms, let us suppose the United States to be an isolated community, representing the human race, which scattered over the face of the earth is really isolated. In fact, the difference between such a community and the human race being merely a numerical one, the economical results must be absolutely the same in each case.

On this hypothesis, then, we again propose to show the dire distress to which the capitalist class of the United States must be reduced by confining our country to her present territorial limits.

We will assume that the gross revenue of the community is two billion dollars per annum; or that the revenues of the capitalist class and the revenue of the working class are together equal to this sum.

The whole of this gross sum of revenue is produced by the labor of the working class, using, of course, which fact we must not forget, the capital of the capitalist class.

Now let us further assume that of this gross revenue of two billion dollars which the labor of the working class thus produces every year, one billion is appropriated in the form of profit by the capitalist class as the legitimate income accruing to this class by virtue of their ownership of capital, i. e., the land, tools, and all facilities of production. And that one billion, or one-half of what the labor of the working class produces, is distributed to this class as wages, or as their legitimate return for the exertion of producing two billions.

The assumption is that the working class is producing a total revenue of two billion dollars, or a quantity of goods up to the value of this amount yearly, for the production of which the capitalist class allow in the form of wages, one-half of the goods produced, or one billion dollars. This sum will necessarily represent a minimum below which it is not possible for labor to so live as to continue its function of production in the most effective manner. To suppose other than this would be to suppose a lack of business acumen on the part of our capitalist class. So the hypothesis is, that the capitalist class, there being no way by which things may be otherwise regulated, can obtain as profit but one-half of what the working class produce.

If the working class of a country produce two billion dollars worth of goods per annum, and they receive only one billion dollars as wages, the capitalist class retaining the residue as profit, it is clear there can be a home market for little more than



one-half of the goods produced. For the capitalist class, at least the American capitalist class, is not a consuming class; at any rate, our capitalists are only recently learning to consume in any but a small proportion to their profits.

For the sake of simplicity, therefore, disregarding the limited consumption of the capitalist class altogether, the wages of the producer not being sufficient by one-half to purchase what he produces, there must practically be an over-production (or under consumption) of one billion dollars' worth of goods every year. The working class, which class is the consuming class, is mathematically unable to buy, at any time, any more of the goods they produce than their wages amount to.

On the supposition that the United States constitutes a world in itself, the possibility is absent of the capitalist class shipping their profit (or the billion dollars' worth of goods which the working class produce, but which they cannot afford to consume), out of the country and transmuting the same into capital in foreign lands, where the goods will continue to be a source of profit.

One of the results of this limitation might be the periodical return of what we call commercial crises or financial panics. This is the situation. The country is full of goods which cannot be sold; there is absolutely no market for the profit of the capitalist class. One-half of the industries of the country must consequently be closed down. Production must be curtailed until the surplus of goods can be disposed of. When this is done the wheels of commerce and industry will work smoothly once more; or at least until such time as there occurs another glut of production.

Shorn of the attendant intricacies and practical entanglements, this is substantially what occurs when the whole civilized world experiences a commercial jar or shock, which viewed from one standpoint has been caused by an over production of goods, and looked at from another aspect is due to the fact that there has not been enough goods consumed. Prior to such periods of international crises, the working class of the world have been producing too many goods for the capitalist class of the world, which of course their wages cannot buy. Consequently a portion of the working class must cease production until such time as supply and demand, or production and consumption, is made once more to equate. In a little while the same round is gone over again.

The above is one way by which the equilibrium of production and consumption in the United States might be periodically restored, as the same periodically got out of balance. But there is one other alternative to the periodical recurrence of commercial crises of this sort.

Instead of continually having one-half of their capital remain idle, as they must in the above circumstances; and instead of keeping the whole of the working class only half employed, or only half of the working class fully employed, and being under the necessity of allowing the whole of the working class a subsistence the whole of the time, the aim of the capitalist class should be to keep their subject class in full employment all the time.

This latter course would be a practical one were it not for the profit which the working class would thus make for their masters. For in this event the capitalist class would regularly be in receipt of one billion dollars of annual profit. Now unless we are able to expand this profit is useless; it becomes a burden; it could only be used by the capitalists in their own exploitation. This idea has been touched upon before in the course of this investigation; but we are now prepared to give the matter a more detailed examination.

How do we measure the value, that is the selling price or cash worth of capital?

By the amount of profit which it yields capitalized at the current rate of interest.

This is to say that the selling value, or capitalization, of any piece of property at any time, is the amount of the gross revenue which labor produces minus the wages paid for producing the same, multiplied by a term varying with the ruling rate of interest.

Thus a railroad which yields a net profit of one million dollars a year, when interest is three per cent, is worth thirty-three million dollars.

With interest at three per cent all capital, all property which yields its owner a revenue, is worth thirty-three times the amount of the annual profit which it yields; or as we say in regard to landed capital its value is thirty-three years purchase.

The selling price of any piece of capital is primarily determined by the amount of the annual profit which it yields; by the amount of that part of the revenue annually derived therefrom which is based on ownership pure and simple, whether the same be in the form of landed capital, which has been produced irrespective of human agency; or whether in the form of industrial capital—that is in the form of capital proper, the capital of the text books—which has cost labor to produce the same; or whether, which is universally the case; the property yielding the revenue is a composite of these two elements, is immaterial. A piece of capital yielding an annual net profit of \$2,000, all other things being equal, will always sell for twice the amount of another piece of capital yielding only \$1,000. When the rate of interest is three per cent the selling value of two such proper-

ties would be \$66,000 and \$33,000 respectively; which means, that in thirty-three years the purchaser would recover in full the amount originally paid for the property.

Retaining still the hypothesis laid down in the preceding section, let us assume the rate of interest to be three per cent. Now since the annual profit which the capitalist class is receiving from their capital is one billion dollars, the actual worth or capitalized value of their capital will be thirty-three billions.

Now, being unable to invest their profit from this capital outside the United States, and since they cannot invest the same in the United States (the country being supplied with a sufficiency of capital, and the working class incapable of manipulating any more unless we suppose an addition to their dexterity) the capitalist class must necessarily take this profit and reinvest it in existing enterprises by buying up the same at a continually increasing capitalization. In other words, after the big capitalist has absorbed the small capitalist, and provided our country is withheld from an opportunity to expand, the big capitalist will perforce be compelled to undertake the feat of swallowing himself.

Thus, taking any individual member of the capitalist class, when he can no longer get three per cent from the capitalization of his annual profits, he will be willing to accept two per cent. But he will only be able to do this by investing his money in some of the existent undertakings, in order to get control of which he will be under the necessity of offering for the same a greater price than their then worth.

What the capitalist class will do with the profits from their capital then, will be to compete among themselves for the ownership of the existing means of production which are producing this profit, thus continually placing a higher capitalized value on the same. This is a condition of things which we have already shown in a previous portion of our treatise to be now in its incipient stages.

As a result of this competitive rivalry between the members of the capitalist class for the ownership of the means which produce their profit, a quantum of capital yielding an annual return of say \$1,000, and heretofore consequently worth \$33,000 will come to possess a capitalized value of \$50,000. An investment of \$100, in place of yielding as previously \$3 per annum will now only yield \$2. The rate of interest will have declined from three to two per cent.

Whilst the amount of profit necessarily remains the same, and whilst the amount of actual capital remains the same, the rate of interest has spontaneously declined to two per cent and the capitalization of the capital spontaneously risen to fifty

billions. In this way would the equilibrium be constantly maintained.

Again: Competition must continue. The further competition for the ownership of the existent means of production (the volume of which is necessarily limited by the capacity of the working class to use them) may increase the selling price of a quantum of capital representative of a net return of \$1,000 per annum to say \$100,000. In this case the general level of interest would have declined to one per cent, and the capitalized value of the means of production utilized by the community risen to one hundred billions.

It is clear that in this way, if the process meets with no interruption, the capitalization of capital may so increase that the worth of the means of production may rise to infinity. This would be consummated by a gradual decline of the rate of interest from one per cent to nothing at all. Thus:

When interest falls to	The capitalized value of the capital of the community would rise to
$\frac{1}{2}$ Per cent	200 Billions.
$\frac{1}{4}$ Per cent	400
$\frac{1}{8}$ Per cent	800
1-16 Per cent	1,600
1-32 Per cent	3,200
and so on.	

Perhaps the simplest and therefore most graphic description of the outcome to which the unavoidable but suicidal policy of our capitalists must irretrievably carry their class, may be imagined by supposing the United States a vast and pure agricultural nation.

Let the imagination picture the United States as reflecting on a magnificent scale the social conditions which may still be found existing in miniature throughout many of the provincial districts of the old world. Allow us to suppose a practically stationary condition of social, economic and material progress, such as for centuries was characteristic of the greater part of Europe; and that the country, as there and then, is owned in comparatively small parcels by an old time landed aristocracy.

In such a community, land—agricultural land—is actually speaking the only form of capital; and farm rent is the only form of capitalistic revenue. There is no profit save the rent of farming land. The landed aristocracy, whose land is their capital, and whose farm rent is the profit on their capital, constitute the capitalist class at such a stage of human progress; the body of the population, which is engaged in agricultural pursuits sedulously producing their own livelihood plus the said farm rent, constitutes the working class.



Now if such a landed gentry, in place of consuming their rents, as history proves they have managed so to do in one way or another, should become possessed of the diabolical notion (which same idea has so far demented our capitalist class and is fast leading them to the brink of their own destruction) to save their revenues, what is to become of such a gentry? They would very soon dig their own graves by such a foolish procedure.

Should the landed proprietors restrict their sumptuary expenditures to their actual needs, or to a level with those of their tenants, then since their savings could only be invested productively in the purchase of the existing farms, it is clear that the selling value or capitalization of the same must increase.

A piece of land yielding a given revenue net, would not only double or treble in value, but its selling worth would tend to rise to infinity. Since industry and manufacture is something unknown, these landed capitalists in this event must necessarily utilize their rent rolls to compete among themselves for the ownership of their own broad acres. As a consequence the ownership of the land must tend to consolidate into the hands of a few great proprietors; the rate of interest on money fall to nothing and the capitalization of land increase to infinitude.

Bernard de Mandeville was right and his Fable of the Bees may be taken seriously. In the "private vices" of the rich, or the unproductive consumption of their revenues, lies their only salvation. To practice "public benefits," or to attempt to save their revenues, can only consummate their—well the very opposite. Rather than save one penny of his rents, it were better that the proprietor should put a dagger to his heart.

The foregoing is essentially what must occur with the capital and with the capitalist class of a commercial and industrial state whose capitalists instead of spending their profit seek ever to reinvest it.

Up to the present era of the world's history there has more or less been incorporated in the business transactions of mankind a certain modicum of sentiment, kindness, and a feeling of good fellowship and great heartedness. This is but to say that business competition, pure and unalloyed, has never yet existed. Custom and that inertia in human nature which tends to the perpetuation of whatever is, has ever entered as a modifying force against the full effects of a pure competitive regime.

But when the evolution of industry and commerce has reached a certain stage, old time business conventionalities and the barriers of antiquated custom must inevitably be broken down. Having passed through the somewhat sentimental stage, all business transactions must come to be conducted on a plain matter of fact basis of competition. To buy in the cheapest

and to sell in the dearest market must pass from a dead maxim of a few political economists into a living fact dominating all our lives. With the total eradication of sentiment from the business world; as there comes to be recognized but one law, the law of competition, or the right of the strongest, then of the capitalist class the powerful must survive and the weak must perish.

With one important exception, the nations of the world are traveling at snail's pace towards this point in the evolutionary development of their business methods. This exception, of course, is the United States. Here business has in very truth come to mean business. In this country competition recognizes no sentimental limitations; and neither convention nor law exercises any restrictions on the lengths to which great wealth may harass and plunder and rob the small capitalist in the fair field of competition. Continuing on present lines it can be but a little while ere the whole of the capital of this country must become vested under the control of a few industrial oligarchs.

Indeed, so far has this trend of affairs progressed that we have already in this country an extraordinary aggregation of a few great men—a solid great capitalist phalanx—who wittingly or unwittingly are bound to exclusively arrogate to themselves the ownership of all capital, of all means of producing wealth, thus restricting the membership of their class within narrower and narrower limits, and so continuously swelling the membership of the working class with whom they have no community of interest.

This coterie, our men of action and brain in the domain of commerce, industry and finance—men who are doing, not dreaming—are simply fulfilling the dreams of the dreamers. They are assisting to make a reality of the visions of those possessed alone of the grand thaumaturgic power of thought. The true idealist looks upon the combination of the big capitalistic interests as the instrument which is to bring about the embodiment of his ideals. He sees that these men are simply bending the course of history in its right direction. He consequently wishes their labors Godspeed, and since the same is inevitable that they may absorb the little capitalists as quickly and as noiselessly as may be.

The logical outcome of our present competitive system, considered in connection with our present unconditional private ownership of capital, must be to finally abolish competition. The result must inevitably be an absolute refusal, on the part of a few successful surviving members of the capitalistic class, to dispose of their capital or means of production at any price. So long as capital continues to be sold for a price, no matter how extravagantly high, the purchase money will return some

interest, some fractional part of one per cent. It may take a million dollars to buy an annuity of one dollar. But this is the point I wish to bring out, that the competition of the capitalist class among themselves for the ownership of the means of production must eventually raise their capitalization to a point prohibitory of purchase; and so come to carry with them the actual ownership of the working class in a state of villenage. The insatiable desire of the capitalist class to reinvest their profits must result in forcing the price of the means of producing wealth up to a point where their exchange will cease to exist.

To use a figure capital will congeal; it will solidify. The ownership of the means of production will become vested in an hereditary class, when as a result, society will become torpid and retrogression set in.

There must come a point in the natural development of institutions when capital must cease to have a value. It will become so valuable as to be invaluable. The tendency for the capitalization of capital to advance; the inclination for the means of production to rise in price, must set in force a counter tendency to take away their price. In the process of the evolutionary progression on its present lines, capital must inevitably develop into a close monopolistic power which is beyond price. The private ownership of capital, on its present basis, since it is such an invaluable and priceless inheritance, conveying as it does the potentiality of obtaining a revenue to infinity without working for it, must finally result in a tight monopoly of proprietors. The latterday capitalist class as represented by the members of a threatened final and only trust must refuse to sell their inheritance, or any part of the same, under any condition of sale or purchase.

Reduced to its simplest expression, the foregoing is the explanation of the observed tendency at the present time of profits to decline to a minimum, or of the progressive depreciation in the rate of interest.

Capital is not yielding any less profit, any less revenue in return to its ownership, than at any former period. That it yields a smaller percentage of increase, a lower rate of interest, is true. But the smaller ratio of profit more than maintains the volume of profit, since the decreasing rate of interest is constantly calculated on a progressively increasing capitalization. To grasp this fact is to understand how lower interest on capital means a continuous increase in the revenue of the capitalist class.

The development of capitalism in its later stages, and the final logical outcome of the same, as we have traced the process, is of course, inherent in the present economic system. What we have said is not peculiar to any one country. The only

difference in this respect is, that a commercial and manufacturing community, cut off from communication with the rest of the world, must experience the inconveniences arising from the final developments of the present economy, sooner than it otherwise would. But the redundancy of profit, or the final bankruptcy of the capitalist class, is a condition which sooner or later, must overtake the whole world. We cannot conceive the human race as being ever in a position to expand beyond this planet.

In proportion as this condition is internationally attained; that is to say, as in the course of social evolution the universal dominancy of capital over labor becomes perfected; as every workingman is threatened to be placed under bond to a capitalist master, the constitution of society will undergo a radical transformation. As ownership in the means of production develops into an absolute monopoly of a numerically constantly decreasing class; and as all outside this class will stand in a position of subserviency to this superior caste, the present relations of capitalist class and working class will cease to exist.

As to the process of the congelation and consolidation of capital comes to assume important proportions, threatening to envelop society in a shroud of industrial and commercial torpor, forces will spontaneously evolve themselves that will bring about a disintegration of the existing order, and inaugurate a new era of social advance.

When the evils of the present system become sufficiently bad, the same will cure themselves. The perfection of the precipitation of capital into the hands of a few, which is now in progress, will necessarily be followed by radical change. With the absolute rule of the capitalist class will be brought around the absolute rule of the laborers with hand and brain. The dominancy of the working class. When the present cycle has run its course it will be followed by a new; but not until then.

The economic evolution, however, is working itself out so fast in the United States in recent years, that we are not far distant from a turning point in our national development, which will involve an absolute rearrangement of the relations existing between the two old time economic orders—the capitalist class and the working class.

The knowledge of this fact is beginning to dawn on the intelligence of the workers of America. It will not be much longer possible to rouse the electorate on unimportant proposals of change. Faith is beginning to be lost in the idea of compromise with the capitalist; economic nostrums of crack-brained sociologists are losing their force. The working man of America is waiting for something real; something substantial. He already knows that only something heroic will serve him.



He is ceasing to think of patching things up; he is looking forward to having them revolutionized.

The revolutionary demand—i. e. the demand of the laborer for the whole of the produce of his labor—is not, as yet, distinctly voiced in the United States. But its spirit is amongst us. The desire for radical change is engraven on the hearts of the American working class. Tomorrow it will be on their ballots.

What will be the shape that this revolutionary demand will finally assume; how the transition to the new order of things which is certain to be substituted for the old may be ultimately effected; whether the future constitution of society is to be a democratic collectivism, that is the communization of the means of production, which is the object the socialist movement at present puts before itself as an ideal; or whether we are to have a democratic individualism, which is a term I would use to designate a condition of society based on the present private ownership of capital with this difference over now, that the profit accruing from such private ownership will be socialized—a condition of society whose private property ceases to yield a private revenue—are profounder questions than it is possible to discuss in this paper.

But this we may take for certain, that one way or another, that is to say through one of the above only two logical alternatives, the private appropriation of capitalistic revenue or the robbery of the working class by the capitalistic class, must cease.

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Our argument is ended. All I have endeavored to make clear in this fragment is this: That from the point of view of the capitalist class expansion or imperialism is a stern necessity; it is something which must be. That from the point of view of the working class expansion is, or rather ought to be, something absolutely devoid of charm; something not worth talking about. Our new foreign policy has no concern, one way or the other, with the material interests of this class. The one thing that alone primarily concerns the present well being and future welfare of the workers of America is the condition of things at home, or the manner in which their exploitation is being aggravated by the rapid but inevitable growth of capitalism in this country. Imperialism is simply a clever device which, whilst furnishing a market in which the capitalist may dispose of the surplus produce of the American worker, is calculated to divert his attention from the consideration of momentous home problems.

## The Monthly Rent

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"They sheared the lamb twelve times a year,  
To get some money to buy some beer;  
The lamb thought this was extremely queer.  
Poor little snow-white lamb."—*Old Song.*

"God tempers the wind to the shorn lamb," said the Deacon.

"I will shut the gate to the field so as to keep him warm," said the Philanthropist.

"If you give me the tags of wool," said the Charity Clipper, "I'll let the poor creature have half."

"The lambs we have always with us," said the Wool-Broker.

"Lambs must always be shorn," said the Business Man, "hand me the shears."

"We should leave him enough wool to make him a coat," said the Profit-Sharer.

"His condition is improving," said the Land-Owner, "for his fleece will be longer next year."

"We should prohibit cutting his flesh when we shear," said the Legislator.

"But I intend," said the Radical, "to stop this shearing."

The others united to throw him out, then they divided the wool.  
*Bolton Hall.*

## Some Questions at the Paris Congress

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[The following report from Candidate Job Harriman, the Social Democratic candidate for Vice President and delegate to the Paris Congress, arrived after the article on the Congress published elsewhere was already in print. As it covers many new points and brings the readers in personal touch with the Congress, it is given herewith.—Ed.]

**T**HE steps taken by the late International Socialist Congress at Paris will cause it to be remembered as one of the most important of all the congresses yet held. Only those who understand and are in touch with the world-wide socialist movement can fully appreciate the meaning of the steps just taken.

Delegations from many nations, representing powerful organizations, were gathered at this congress, and though the nations from which they came are vexed with conflicting industrial, commercial and political interests, and are oftentimes thereby plunged into war, yet these delegations emerged from this sea of trouble and stood shoulder to shoulder, bound together by the interests of the working class and the single purpose of abolishing the industrial system that oppresses them.

Nothing could be more impressive than this marvelous solidarity of the working class, the greatest power in all the world, especially when this solidarity and power is looked upon as the prophet of liberty, equality and fraternity. No power can resist it nor even divide it, nor yet palsy the hope and the courage that inspires it. No aspiration could be more worthy, no achievement more resplendent with honor and glory. Thus the congress entered upon its work with that intense earnestness only to be found among men of firmest convictions that their cause is just and their victory certain.

Only questions of general policy and of international interest were considered by this congress. There being no difference as to economic principles, it only remained for them to agree upon such tactics as were consistent with their principles and best calculated to maintain harmony in the organizations. Among other important declarations the congress declared for the abolition of the standing army, and against the present prevailing colonial policy under military force; and against a universal strike, at least in the immediate future, and that a universal minimum wage was impracticable at present; and for the international organization of the marine workers with equal pay for the same service; and that socialists should go hand in hand with the Trades Union movement; and against a socialist alliance with bourgeois parties, except in such cases where the

organized party by a majority vote declares to the contrary; and the congress also organized an international bureau, providing for the election of two secretaries from each nation to constitute the board.

Space will only permit a summary of the reasons offered in support of the most important of these declarations. Further reference will only be made to the three declarations last mentioned. First as to the Trades' Union Policy. The reason reference is herein made to the resolution is not because the position taken differs from that of previous congresses, but of its special bearing on the American movement.

The resolution declares that socialists "should go as far as possible hand in hand with the trades unions." It was shown that trades unions and corporations alike are the logical result of the wages system; that unions are the methods of warfare employed by the working class, while corporations are the methods of warfare employed by the capitalist class; that in these respective organizations is to be found the class interest and class struggle in their normal condition under capitalism; that the interest of these two classes was necessarily permanently opposed inasmuch as the working class was necessarily the prey of the capitalist class; that for this reason the trades union furnished the logical organized base of the socialist movement; that their interests as individuals and as unions would cause them to accept our principles and add the ballot to their present weapons, the strike and boycott, in their battle with the capitalist class; that the charge of corruption made against the trades union leaders is not a sufficient reason for fighting the union nor yet for organizing a new union; for since the union was developed by the capitalist system it is apparent that the dishonest leader is only a barnacle which always appears with the concentration of power and whose power for evil can be taken from him only by education of the craft as to their real interests; that the union being an institution developed by the capitalist system it must continue its existence as long as the cause which produces it remains; that the dishonest leader will also appear as long as power is at his disposal, and power will always be at his disposal until the rank and file are educated as to their real interests and how to obtain them. Hence it is apparent that a fight against the union is futile, and the logical and necessary course to take is for all socialists to join and "go hand in hand with their unions" in their economic struggles, using every opportunity to spread the knowledge of socialism not only among the members of the unions, but also among the entire working class.

The question over which the principal battle of the conven-



tion was fought was, "Shall a socialist accept a position in the ministry of a capitalist government?"

It was shown that militant socialism is only a negative of capitalism, and that it is only a negation to the degree that the working class have become fully conscious of their class interests. Being a negation of capitalism all the power that socialists get in any capitalist government must be taken by sheer force of numbers. Hence it is consistent for any socialist to accept any office to which he has been elected by his party, for an office thus taken has been wrenched from the power of the enemy. But the contrary is true in the case of an appointive office. No capitalist government will appoint a socialist in order that the socialist may inaugurate a system, either in part or in whole, which is antagonistic to the capitalist state. Hence the only purpose which a capitalist government could have in appointing a socialist ministry would be to secure the support of the power or party which the socialist represents. If the socialist should accept such an appointment both he and his party would thereby cease to be a negation of the capitalist state and would become an ally. Since it is the power of the socialist movement, and not the individual minister, from which the capitalist government seeks support, it was argued that in all cases it was only a question of using that power to support any capitalist ministry whenever it was possible to preserve rights already secured or to establish new rights, and that by such a method no obligations would be assumed by the socialist movement on account of capitalist misgovernment. To these principles they were all agreed. But it was pointed out that in exceptional cases and at times of great crises circumstances in some countries had arisen where alliances were imperative, and had been made; that while these alliances were dangerous and must be temporary and were not looked upon as the normal beginning of the conquest of power by the working class yet, when such crises arise the question of the alliance should be referred to the party and they should be permitted to act as the majority thought best; that the alliance should be discontinued at the will of the majority, and that all appointees, if any, should relinquish their office at the command of the majority of the party.

It was argued that whenever the majority of a party were convinced that a crisis had arisen which either endangered established rights or made it possible to secure new advantages that they would act as they saw fit, national or international resolutions notwithstanding. And that if the international congress laid down a positive rule, and the majority of the party in any country should decide to act to the contrary, that the minority, encouraged by the decision of the international congress, would

feel justified in withdrawing, and thus produce a split in the local movement.

On the other hand it was argued that if the privilege was granted, even though condemned, that there would always be those in the movement who are greedy for power, and they would seek to split the movement, taking a minority of the new membership with them who could be led to believe that advantages could be gained by a socialist accepting such a position; that this faction would then favor the accepting of such a position. And thus they argued that the very act that was intended to cement the movement would be the rock upon which it would split.

This latter view, however, was considered by the congress as unsound, inasmuch as experience in those countries where temporary alliances had been formed with bourgeois parties in emergencies had developed a contrary tendency.

Hence the Kantsky resolution was adopted which, though it pointed out the danger of a socialist accepting a position in a capitalist government, yet it provided that the majority of the organized party in the country where such crises arise shall be the final arbiter.

It is a notable fact that the vote showed that the delegations from those countries where the movement was powerful and for that reason had been forced into practical affairs, were unanimous for the Kantsky resolution, except France and Italy, which were divided, while the delegates from those countries where the movement was yet small were almost all unanimously against it. This fact shows the lines along which the movement is developing and at the same time puts us on our guard against the dangers that inevitably arise.

This ministerial question formed the main battle-ground of the congress. It was here that the gladiators clenched and struggled with all their power. It was a contest of giants long to be remembered. As they forged their argument with facts and deductions they were greeted with great and prolonged applause, yet with order and decorum. At last after two days of brilliant work when the resolution was adopted, the enthusiasm subsided, and the apparently irreconcilable forces were harmonious, all pledging their support thereto as they moved on to the consideration of the next resolution. Thus one after another of the questions of international interest were taken up.

Of all impressions made by the congress the overpowering one was the tremendous and irresistible solidarity of the movement. Nothing could be more apparent than the fact that the men of each country possessed the same keen interest in the conditions of the working class of other countries as they did in the workers of their own locality.

It was this national and international conception of the interests of the working class that gave birth to the organization of an International Bureau. This, the most important act of the convention, was greeted with applause on its first reading and adopted without discussion. In the old international we had secretaries in the various nations calling for any army. The international was born of a theory and died without power. But it was the prophecy of that which has come, the difference being that the present international is born of a great movement. Behind it stands the great international army of the working class. By this board an international library will be gathered from all nations as well as information as to methods of propaganda employed in the various nations, not only in the political but in the economic organizations as well as in the various co-operative and commercial enterprises constructed by and for the movement. This information will be sent to the various countries on demand and thus the international movement will gradually form into one compact organization, and the small movement in the far away countries will gain strength and courage by this close relationship.

Hitherto we have been conducting an educational propaganda and every convert was only so much more new material gathered together for the final structure. But henceforth we will not be merely gatherers of stones and carriers of water, for this congress, by organizing the international board, laid the cornerstone of the co-operative commonwealth, and hereafter we will add to our former labors that of the architect and the builder. The day is not far distant when the working class will cease to "dream they dwelt in marble halls," but will really move into the gilded palaces fashioned by their own handy-

work.

*Job Harriman.*

## Socialism in Sweden

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A tailor named Aug. Palm who had studied Socialism in Germany first introduced its principles into Sweden in 1881. He met with much ridicule, but succeeded, however, in getting a few followers and began publishing a paper, the "Folkviljan" (The People's Will). He was soon forced to give up the paper but kept on agitating and, after a hard struggle, started a Socialist organization which grew rapidly and, in 1883, turned into a trade union movement.

After some internal differences among the leaders a new paper, the "Nya Samfundet" (The New Society) was started and edited by Akerberg and Sharkey, but was issued only a few times.

In the meantime one of the most energetic of the Socialist workers left Stockholm and, going to Malmoe in the southern Arbetet (The Work) and at the part of the country, started the same time Branling became editor of the "Socialdemokraten."

The Socialist trade unions spread all over the country and two more papers were published, "Folkelsröst" (The People's Voice) and "Proletair."

In 1889 the trade unions held their first convention and adopted the German Socialist Program.

The Socialist movement of Sweden is now composed of these trade unions. About this time the Folkelsröst and Proletair discontinued the Socialdemokraten and Arbetet became daily papers. At the second convention in 1891 a debate took place between the Anarchists and Socialists in which the latter of the Marx school were victorious.

In 1892 a new weekly paper, the Ny Tid (New Time) appeared. This circulates through Gottenburg and the western part of Sweden and since 1899 has been a daily.

Three conventions have been held since 1891, the membership during this time increasing from 10,000 to 50,000 paying members.

In a political way the organization has not been able to do anything because it has not yet obtained the suffrage. A property qualification of 800 kr income a year exists and since the producing class are all below this mark they have no political rights.

They have forced, however, some of the storekeepers to vote for the Socialists and have thus succeeded in electing Hjalmar Branling to the Riksdag (Parliament).

The organizations are at present preparing for a general strike to obtain universal suffrage.

Anton Anderson,  
Editor Ny Tid.





## BOOK REVIEWS



The Poverty of Philosophy, by Karl Marx, with an introduction by Frederick Engels. Translated from the French by H. Quelch. The Twentieth Century Press, London. Cloth 213 pp. 2-6.

It has long been felt that it was to some degree a disgrace to the English-speaking socialists that so few of the classics of socialism have been translated into that language. Only a small fraction of the writings of Marx are as yet accessible save in French or German and many of the criticisms of "Marxism" lose their point when the whole of the works criticised are seen.

This is especially true of the "labor value theory," which has so often been criticised because it did not recognize the complexity of social relations. Here we have Marx criticising Proudhon for this very error and himself discussing nearly every feature he is commonly accused of overlooking. Here as in *Capital*, one is continually impressed with the wealth of knowledge displayed and the tremendous research necessary to the preparation of the work.

The work is a reply to Proudhon's "*La Philosophie de la Misere*," *The Philosophy of Poverty*, and is an exposure and attack upon the Utopian labor exchange idea of that writer. Proudhon had grasped in an indefinite way the underlying idea of labor value and like those other utopians who have in the same indefinite way grasped the idea of the co-operative commonwealth, he sought to make it the basis of a scheme of a system of "labor exchange," by means of which each one would receive what he produced. That this idea still lingers on is seen by the dozens of similar schemes that pop up each year in this country and is an excellent illustration of how error will persist no matter how thoroughly it may be exploded in some quarters.

Marx shows the impossibility of all such schemes in their application as well as the insufficient analysis of social conditions upon which they are based. He also gives the lie by anticipation to those later critics who have within the last few months accused him of having stolen some of the ideas in "*Capital*" from the early English Utopian socialists. In this present work, written in 1846-7, long before *Capital* was begun, he takes up these previous writers and gives long extracts from their works and shows their weaknesses and wherein he differs from them.

The fact is that instead of Marx having robbed them of any glory they deserved, the probability is their names would have been long ago forgotten had he not embalmed them in his works.

Incidentally he gives many new points of view on the socialist philosophy and in the chapter on the "Metaphysics of Political Economy" he explains the relation of the materialistic conception of history to Hegelianism in the most thorough form it has ever been presented in English. There are some portions of this that remind one of the terse powerful language of the Manifesto. The following is especially so good and contains so much of the heart of socialist philosophy that it is worthy of being presented to our readers as a whole.

"The economists have a singular manner of proceeding. There are for them only two kinds of institutions, those of art and those of nature. Feudal institutions are artificial institutions, those of the bourgeoisie are natural institutions. In this they resemble the theologians, who also establish two kinds of religion. Every religion but their own is an invention of men, while their own religion is an emanation from God. In saying that existing conditions—the conditions of bourgeois production—are natural, the economists give it to be understood that these are the relations in which wealth is created and the productive forces are developed conformably to the laws of nature. Thus these relations are themselves natural laws, independent of the influence of time. They are eternal laws which must always govern society. Thus there has been history, but there is no longer any. There has been history, since there have been feudal institutions, and in these feudal institutions were found conditions of production entirely different to those of bourgeois society, which the economists wish to have accepted as being natural and therefore eternal.

"Feudalism also had its proletariat—serfdom, which enclosed all the germs of the bourgeoisie. Feudal production also had two antagonistic elements, which were equally designated by the names of good side and bad side of feudalism, without regard being had to the fact that it is always the evil which finishes by overcoming the good side. It is the bad side that produces the movement which makes history, by constituting the struggle. If at the epoch of the reign of feudalism the economists, enthusiastic over the virtues of chivalry, the delightful harmony between rights and duties, the patriarchal life of the towns, the prosperous state of domestic industry in the country, of the development of industry in the country, of the development of industry organized in corporation, guilds and fellowships, in fine of all which constitutes the beautiful side of feudalism, had proposed to themselves the problem of eliminating all which cast a shadow upon this lovely

picture—serfdom, privilege, anarchy—what would have been the result? All the elements which constituted the struggle would have been annihilated, and the development of the bourgeoisie would have been stifled in the germ. They would have set themselves the absurd problem of eliminating history.

“When the bourgeoisie had overcome it, it was no longer a question of either the good or the bad side of feudalism. The productive forces which were developed by the bourgeoisie under feudalism had not been acquired by the bourgeoisie itself. All the old economic forms, the civil relations corresponding to them, the political state which was the official expression of the old civil society, were all broken down.

“Thus, in order to fairly judge feudal production, it is necessary to consider it as a system of production based on antagonism. It is necessary to show how wealth was produced within this antagonism, how the productive forces were developed at the same time as the antagonism of classes, how one of the classes, the bad side, the inconvenience of society, continued always to grow until the material conditions necessary to its emancipation had arrived at maturity. Is it not sufficient to say that the mode of production, the relations in which the productive forces are developed, are nothing less than eternal laws, but that they correspond to a determined development of men and of their productive forces, and that any change arising in the productive forces of men necessarily effects a change in their conditions of production? As it is above all important not to be deprived of the fruits of civilization, of acquired productive forces, it is necessary to break the traditional forms in which they have been produced. From the moment this happens the revolutionary class becomes conservative.

“The bourgeoisie commences with a proletariat which is itself a remnant of feudal times. In the course of its historical development, the bourgeoisie necessarily develops its antagonistic character, which at its first appearance was found to be more or less disguised, and existed only in a latent state. In proportion as the bourgeoisie develops, it develops in its bosom a new proletariat, a modern proletariat: it develops a struggle between the proletarian class and the bourgeois class, a struggle which, before it is felt, perceived, appreciated, comprehended, avowed and loudly proclaimed by the two sides, only manifests itself previously by partial and momentary conflicts, by subversive acts. On the other hand, if all the members of the modern bourgeoisie have an identity of interest, inasmuch as they form a class opposed by another class, they have also conflicting, antagonistic interests, inasmuch as they find themselves opposed by each other. This opposition of interest flows from the economic conditions of their bourgeois life. From day

to day it becomes more clear that the relations of production in which the bourgeoisie exists have not a single, a simple character, but a double character, a character of duplicity; that in the same relations in which wealth is produced, poverty is produced also; that in the same relations in which there is a development of productive forces, there is a productive force of repression; that these relations produce bourgeois wealth, that is to say the wealth of the bourgeois class, only in continually annihilating the wealth of integral members of that class and in producing an every-growing proletariat.

"The more this antagonistic character comes to light the more the economists, the scientific representatives of bourgeois production, become excited with their own theories, and different schools are formed.

"We have the fatalist economists, who in their theory are as indifferent to what they call the inconveniences of bourgeois production, as the bourgeois themselves are, in actual practice, to the sufferings of the proletarians who assist them to acquire riches. In this fatalist school there are classicists and romanticists. The classicists, like Adam Smith and Ricardo, represent a bourgeoisie which, still struggling with the relics of feudal society, labors only to purify economic relations from the feudal blemishes, to augment the productive forces, and to give to industry and to commerce a fresh scope. The proletariat participating in this struggle, absorbed in this feverish labor, has only passing accidental sufferings to endure, and itself regards them as such. Economists like Adam Smith and Ricardo, who are the historians of this epoch, have no other mission than to demonstrate how wealth is acquired in the relations of bourgeois production, to formulate these relations in categories, in laws, and to demonstrate how far these laws, these categories, are, for the production of wealth, superior to the laws and categories of feudal society. Poverty in their eyes is only the pain which accompanies all child-birth, in nature as well as in industry.

"The romanticists appertain to our epoch, where the bourgeoisie is in direct antagonism to the proletariat; where poverty is engendered in as great abundance as wealth. The economists then pose as satisfied fatalists who, from their lofty position, throw a glance of superb disdain on the active men who manufacture wealth. They copy all the developments given by their predecessors, and the indifference which with those was naïveté becomes for these others mere coquetry.

"Afterwards comes the humanitarian school, which takes to heart the evil side of the existing relations of production. This school seeks, as an acquittal for its conscience, to palliate, however little, existing contrasts; it sincerely deplors the distress of the proletariat, the unrestricted competition between the



bourgeoisie themselves; it advises the workers to be sober and industrious, and to have but few children; it recommends the bourgeoisie to put thoughtful earnestness into the work of production. The whole theory of this school rests upon interminable distinctions between theory and practice, between principles and results, between the idea and the application, between the content and the form, between the essence and the reality, between right and fact, between the good and the evil side.

"The philanthropic school is the humanitarian school perfected. It denies the necessity of antagonism; it would make all men bourgeois; it would realize the theory in so far as it is distinguished from practice and encloses no antagonism. It goes without saying that, in theory, it is easy to make abstraction of the contradictions that are met with each instant in reality. This theory would become then idealized reality. The philanthropists thus wish to conserve the categories which express bourgeois relations, without having the antagonism which is inseparable from these relations. They fancy they are seriously combatting the bourgeois system, and they are more bourgeois than the others.

"As the economists are the scientific representatives of the bourgeois class, so the Socialists and Communists are the theorists of the proletarian class. So long as the proletariat is not sufficiently developed to constitute itself as a class, so long as, in consequence, the struggle between the proletariat and the bourgeoisie has not acquired a political character, and while the productive forces are not sufficiently developed in the bosom of the bourgeoisie itself to allow a perception of the material conditions necessary to the emancipation of the proletariat and the formation of a new society, so long these theorists are only utopians who, to obviate the distress of the oppressed classes, improvise systems and run after a regenerative science. But as history develops and with it the struggle of the proletariat becomes more clearly defined, they have no longer any need to seek for such a science in their own minds, they have only to give an account of what passes before their eyes and to make of that their medium. So long as they seek science and only make systems, so long as they are at the beginning of the struggle, they see in poverty only poverty, without seeing therein the revolutionary subversive side which will overturn the old society. From that moment science, produced by the historical movement and linking itself thereto in full knowledge of the facts of the case, has ceased to be doctrinaire and has become revolutionary."



## EDITORIAL



While we feel that no apologies are necessary for the character of the REVIEW up to the present time, and while we believe ourselves justified in saying that it has been superior to that of any similar publication in the English language—and, indeed, we have received hundreds of letters from all parts of the world-wide socialist movement confirming this statement—still we have had many plans for its improvement, and had intended at an early date to lay those plans before our readers and ask their co-operation in carrying them out. While in this frame of mind and wondering how to formulate these hopes and aspirations in suitable language, a letter was received from Comrade Algernon Lee, editor of "The People," saying just what we wished to say, and more too, and we give it herewith with no further introduction, it being only fair to the writer to say that it was sent as a personal communication with no thought of publication.

Dear Comrade:

I have had it in mind for some little time to make a few suggestions in regard to the REVIEW, and now is as good a time as any.

With the way in which the REVIEW covers the field it has taken I am very well satisfied. My criticism is that the scope of the work, thus far, is not all that could be desired. My idea of a Socialist review is that it should be broad, not (or not only) in the sense of being open for the expression of varying opinions on matters of Socialist theory and policy, but—what seems to me much more important—in the sense of being open for the expression of progressive or revolutionary thought and feeling in other lines as well. There are several reasons why we need a review of this character in America.

The socialist movement is thus far, if not narrow, yet rather shallow. Socialism, being a revolutionary movement, touches every phase of our social life. It has its connections with science, with ethics, with art and literature, with education. Socialists, therefore, should be interested in and informed upon all these matters. Too many of our comrades (I think you will not suspect me of being a reformer or a faddist because I say these things) suppose that all science is shut up within the covers of "Capital," that it settles all questions of ethics to say that morality is the resultant of economic conditions, that they as Socialists have nothing to do with art, literature and education. It is true that Marx made an enormous contribution to the world's scientific thought on economics and history; but there still remain subjects for scientific thought, even within these fields. It is true that morality is a resultant, in the last analysis, of economic relations; but there are today burning ethical questions which demand discussion in the very light of that broad and rather vague generalization. It is true that art and literature are today, on the whole, the possessions of the capitalist class; all the more reason why we should try to cultivate an art

and literature of our own. It is true that the present system of education is dominated by capitalist interests; all the more reason why we should help to make the education of the future. Most Socialists seem not to realize these facts. There is, in my belief, grave danger that the evolution of our society will outrun the Socialist movement, leaving it in doctrinaire isolation from the spirit of the times. We are so much given to repeating formulas, so little inclined or equipped to test and apply them. Therefore, for our own general culture as Socialists, we need a review dealing in an adequate way, from the Socialist standpoint, with the varied elements which make up our complex social life.

Again, there is a great body of nascent revolutionary thought in our present-day American society, wholly disconnected with or even alienated from the Socialist movement, to which it rightly belongs and to which it would lend great strength. My observation is that most college people are very stupid. Yet in every great college in the land, I believe, we could find people, both in the faculty and in the student body, who are cutting loose from their old moorings but who have neither sail to propel them nor rudder to guide. It is only by chance, combined with quite unusual personal keenness and depth, that any of these people ever get into the Socialist movement. Most of them drift, either till they go down in intellectual shipwreck or until they are picked up and towed back to the old dock. Lafargue is quite right in what he says about the present status of the intellectuals. But are we not to blame—partly at least? Or, rather, for blaming is in such matters a foolish proceeding, is it not our interest and duty, seeing these things, to set them right? Can we not do something to show these drifting intellectuals where they belong? I think we can. And I think a Socialist review is exactly the means to do it.

Men come to the same conclusions by different courses. I know good Socialists who became such, not through reading Marx, but through reading Spencer—and thinking. Also I know men who are not Socialists and know nothing about Socialism, who have, nevertheless, the Socialist Weltanschauung, and came to it in some cases through the study of science and the appreciation of art in one form or another, in other cases simply through the experience of daily life. I am convinced that there are very many such people who have only to see the close connection between the position they have, so to say, accidentally reached and that which the Socialists reach logically, to accept the Socialist philosophy and become even active workers in the cause.

The existing magazines give no opening for the expression of revolutionary thought outside of pure science. It is the part of a Socialist review to give such an opening. I believe the review would then interest many readers who now, after a glance at its table of contents, pass it over as merely a political publication.

The Socialist, of all men, should say: "*Homo sum et nihil humani mihi alienum pato.*" The relation of "manual training" to general culture and to the present and future interests of labor, the methods of teaching history, economics, psychology and ethics in our schools and colleges, the relations of the sexes observed in life and as reflected in various social movements and in literature, the different ethical codes of different social classes, the relations of different races living in one society, the internal organization of workingmen's societies and of various capitalist institutions, the modification of legal and political theories in accordance with changing economic or other conditions, the religious tendencies of the present day, the often unconscious expression of changing life-conceptions in contemporary literature—these at once suggest themselves to me as a few of the subjects that can get no fair hearing in our established magazines, that, too often take, in consequence, a faddist form, but that, if adequately treated, would

greatly clarify, broaden, and strengthen the Socialist movement and bring to it many valuable recruits. Fraternally,

A. Lee.

It has always been our idea that the REVIEW should be an organ of the whole broad revolutionary movement that is to-day entering into every department of human life. We hope soon to see the day when the most important of these phases can have their separate departments and editors in the REVIEW. Until this can be attained we wish that the whole magazine may be an expression and a synthesis of these various phases of the one great movement. We shall hope to secure expression of those new tendencies in science, art, literature, education and music, which are known in the world of economics and politics as socialism. The revolutionary movement in medical science that is finding its greatest field in prevention rather than in cure, and meets its greatest obstacle in capitalism, will be discussed. The new tendency in education that has freedom, not compulsion, as its watchword and that is to-day being throttled by industrial slavery, must find a voice. The demand that the "hired hand" shall again become the creating artisan, and that the product shall be a thing of beauty and an expression of the creative instinct of the maker as well as a source of pleasure to the worker, which Morris and Ruskin sought to impress upon the world, and which is ranged in everlasting warfare with the whole competitive system, has many able representatives in America and England and some of these have already agreed to use the REVIEW at an early date as a means of making their contribution to the common fight. The movement in literature that seeks to free the mind from the control of capitalism by substituting a healthy "realism" for the corrupting productions of competition will also be represented as a correlative movement with the great economic revolt to which the name of socialism is commonly narrowed.

Let this not be misunderstood. This does not in any sense mean a "broadening" policy in the sense of compromise with capitalism, but, on the contrary, means simply the bringing up of hitherto divergent forces to concentrate the fire of all on the one point.

If hitherto the columns of the REVIEW have been almost wholly given up to the political-economic movement, it is because, first, we have felt that it was the most important, as the one through which the others must gain their ends; second, because these other fields were so slightly developed that it is difficult to secure contributors capable of presenting them in the light of socialist philosophy; third, because the first numbers of the REVIEW being published in the midst of a presidential campaign, the political side was naturally of paramount interest;



and finally the editor has not yet been in a position to give anything near the time to the editorial work which such a policy would require. But this last defect will soon be remedied and the other reasons are passing away.

If such a policy is to be carried out and is to be the success that it deserves it will require the active co-operation of all the working socialists of this country. If our readers will do their part to increase the circulation of the REVIEW so that it may be placed upon a sound financial basis, all these things will soon follow. The success thus far has been all that could be expected. Our circulation and news-stand sales are increasing at a rapid rate. With a little extra exertion by each present reader all these proposed improvements can be realized in the next few months, and America and the American socialist movement can have a magazine that will lead the world of socialist literature. It is for you, our readers, to decide. What will you do about it?

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We wish to here repeat again that the appearance of a signed article in these columns does not in any sense mean that the opinions set forth meet with the editorial sanction. This is especially true of two articles lately published. It is our opinion that there is no such fatalism in social development as is presumed in the article on the Philosophy of Imperialism, neither do we think that the trust problem will be solved in any such way as is implied in the concluding paragraphs of the article in the October number on Trusts and Socialism. Those of our readers who are familiar with German literature will recognize in the first article the tendency of what is known by the German Socialists as the "New Utopianism," which looks to see Socialism come by force of fate, while the second article is an expression of "Bernsteinism." But in our opinion both articles present valuable and interesting phases of the problem discussed, and should pave the way to a better understanding of Socialist philosophy.

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Owing, as we suppose, to the fact of being constantly engaged in active campaign work, Com. M. S. Hayes did not send in the matter for the "World of Labor" department in time for this issue. However his communications will appear promptly henceforth, and if this number is a little hurried we can promise our readers a feast for December. Articles have been promised for this number by Emile Vanderveld of Belgium, Kris Hardie of England (who will discuss the recent elections, at which he became an M. P.), Prof. George D. Herron, Jean Lonjust, and others.

# The Socialist Campaign Book of 1900.

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| I. Evolution of the American Proletarian.     | VII. Wages and Living Expenses.   |
| II. Growth of Trade-Unionism.                 | VIII. How the Working Class Live. |
| III. Trusts—Industrial Progress.              | IX. Towards Plutocracy.           |
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